The Department of State

Vd. XXXIV, No. 868

February 13, 1956



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The Department of State bulletin

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The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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Anglo-American Discussions Concerning Common Principles and World Problems

Following are texts of a joint Anglo-American declaration issued at Washington on February 1 and of a statement made on the same day by President Eisenhower and Sir Anthony Eden concerning their 3-day meeting, together with texts of remarks made at the Washington National Airport on January 30 on the arrival of the Prime Minister and Foreign Secretary Selwyn Lloyd.

DECLARATION OF WASHINGTON

White House press release dated February 1

JOINT DECLARATION
OF THE PRESIDENT OF THE UNITED STATES
AND THE PRIME MINISTER OF THE UNITED KINGDOM

We are conscious that in this year of 1956, there still rages the age-old struggle between those who believe that man has his origin and his destiny in God and those who treat man as if he were designed merely to serve a state machine.

Hence, we deem it useful to declare again certain truths and aims upon which we are united and which we are persuaded are supported by all free nations.

- 1. Because of our belief that the state should exist for the benefit of the individual and not the individual for the benefit of the state, we uphold the basic right of peoples to governments of their own choice.
- 2. These beliefs of ours are far more than theory or doctrine. They have been translated into the actual conduct of our policy both domestic and foreign. We are parties to the Atlantic Charter, the United Nations Charter, the Potomac Charter¹ and the Pacific Charter.² In them we have, with other friends, dedicated ourselves to the goal of self-government and independence of all coun-

tries whose people desire and are capable of sustaining an independent existence. During the past ten and more years 600 million men and women in nearly a score of lands have, with our support and assistance, attained nationhood. Many millions more are being helped surely and steadily toward self-government. Thus, the reality and effectiveness of what we have done is a proof of our sincerity.

- 3. Further, we know that political independence cannot alone assure men and nations full opportunity to pursue happiness and to fulfill their highest destiny. There is likewise need for economic sustenance and growth. This, too, we have helped to provide. We seek to develop with others a large volume of mutually beneficial trade. Likewise we seek, through Technical Assistance, the Colombo Plan and other programs we support, to help economic progress in the less developed countries and to raise the living standards of their peoples. In these programs we have not sought nor desired extension of either economic or political power. The purpose is not to dilute, but to enrich and secure their freedom.
- 4. During this period of notable cooperative progress in the free world, those who assert the supremacy of the State and deny the inherent rights of man have also been active. Millions of people of different blood, religions and traditions have been forcibly incorporated within the Soviet Union, and many millions more have in fact, although not always in form, been absorbed into the Soviet Communist bloc. In Europe alone, some 100 million people, in what were once 10 independent nations, are compelled, against their will, to work for the glorification and aggrandizement of the Soviet Communist State.

The Communist rulers have expressed, in numerous documents and manifestos, their purpose to extend the practice of Communism, by every

¹ Bulletin of July 12, 1954, p. 49.

² Ibid., Sept. 20, 1954, p. 393.

possible means, until it encompasses the world. To this end they have used military and political force in the past. They continue to seek the same goals, and they have now added economic inducements to their other methods of penetration.

It would be illusory to hope that in their foreign policies, political and economic, the Soviet rulers would reflect a concern for the rights of other peoples which they do not show towards the men and women they already rule. Any free nation that may be persuaded by whatever threat, promise or enticement to embrace Communism will lose its independence and its people will forfeit their rights and liberties. These contrasting records of recent years reflect the essence of the struggle between free countries and the Communist rulers.

5. In the face of the Communist challenge, almost 50 nations which cherish freedom have drawn together in voluntary associations for their collective security. These associations uphold for all their members the right to independent existence, the right to free expression and the right to differ. The purpose of their union is to preserve those national rights, just as within a state people join together to preserve their individual rights.

6. We reject any thought that the cleavage we have described should be resolved by force. We shall never initiate violence. Moreover, we shall use our full influence to assure that Soviet efforts to inflame old antagonisms will not succeed in breaking the peace. The United Nations provides appropriate machinery to assist countries desiring peacefully to bridge their differences and to settle disputes.

Many nations of the free world are ever anxious to proffer their good offices to promote the same end. Our two countries stand constantly ready to aid in negotiation and conciliation with others directly concerned, so as to achieve just settlements of the concrete issues that now trouble the world.

7. We shall persevere in seeking a just and lasting peace and a universal and effectively controlled disarmament which will relieve mankind of the burden and the terror of modern weapons. Meanwhile, the society of free nations must retain the power needed to deter aggression. We recognize that such power should never serve as a means of national aggrandizement but only as an essential shield for every member of the community of nations.

We are determined to make the conquest of the

atom a pathway to peaceful progress, not a road to doom.

8. We will not be deflected from the policies and purposes we have herein stated. On the contrary, we will maintain and, where necessary, strengthen and extend them. Thus, we shall help ourselves and others to peace, freedom and social progress, maintaining human rights where they are already secure, defending them when they are in peril and peacefully restoring them where they have temporarily been lost.

While resolutely pursuing these aims, which are the products of our faith in God and in the peoples of the earth, we shall eagerly grasp any genuine opportunity to free mankind of the pall of fear and insecurity which now obscures what can and should be a glorious future.

> DWIGHT D. EISENHOWER ANTHONY EDEN

TEXT OF JOINT STATEMENT

White House press release dated February 1

At the end of three days of friendly and fruitful reunion, the President and the Prime Minister issued the following statement.

Conscious of the unity of purpose of our two countries, we have restated in a separate Joint Declaration our view of the challenge which confronts the free world and the principles which it seems to us are required to meet it. In our conversations, we have also reviewed other matters of mutual concern to the two governments in various areas of the world.

I. Europe

We reaffirm that the North Atlantic Treaty is essential to our common security. We regard this association as far more than a military alliance. We welcome the increasing range of consultation in the Council on political and other problems.

In the economic field we recognize the contribution which the OEEC [Organization for European Economic Cooperation] makes to the stability of Europe. Within the framework of the Atlantic Community, and with regard for its broader interests, we support further progress on the continent toward unity, both political and economic.

With respect to Germany, we agree that so long as it remains divided, there can be no genuine and stable bring dom. Repub ment theref tive of

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stable peace. We shall continue our efforts to bring about the reunification of Germany in freedom. We regard the Government of the Federal Republic of Germany as the only German Government freely and legitimately constituted, and therefore alone entitled to speak as the representative of the German people in international affairs.

We reaffirm our abiding interest in the security and welfare of Berlin. We shall continue, as we have stated in the past, to regard any attack against Berlin from any quarter as an attack upon our forces and ourselves.

II. Middle East

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We discussed the tensions which prejudice the stability of the area and carry a potential threat to world peace. It was agreed that every effort should be made to decrease sources of misunderstanding between this area and the Western world. We are eager to contribute wherever possible to the settlement of difficulties between states in the region. We wish to help peoples of this part of the world achieve their legitimate aspirations.

A settlement between Israel and her Arab neighbors is the most urgent need. This will be possible only if both sides are willing to reconcile the positions which they have hitherto taken. Our two Governments have declared their readiness to contribute to such a settlement by assisting financially in regard to the refugee problem and by guaranteeing agreed frontiers.

In the meantime we are concerned at the state of tension in the area and have considered what steps can be taken to reduce it. The Tripartite Declaration of May 25th, 1950, provides for action both inside and outside the United Nations in the event of the use of force or threat of force or of preparations to violate the frontier or armistice lines. We are bound to recognize that there is now increased danger of these contingencies arising. Accordingly, we have made arrangements for joint discussions as to the nature of the action which we should take in such an event. The French Government is being invited to participate in these discussions.

We believe that the security of states in this area cannot rest upon arms alone but rather upon the international rule of law and upon the establishment of friendly relations among neighbors. The action of the Soviet bloc in regard to arms supplies to Middle East countries has added to the tensions in the area and increased the risk of war. Our purpose is to mitigate that risk.

We express our full support for the efforts of General Burns, head of the United Nations Truce Supervisory Organization, to maintain peace on

French Government Invited To Participate in Discussions Concerning Middle East

Press release 50 dated February 1

The Secretary of State and the British Ambassador met with the Ambassador of France this afternoon and communicated to him the text of the passage in the joint statement to be issued by the President and the Prime Minister, relating to the Tripartite Declaration of May 25, 1950, concerning the Middle East. They conveyed an invitation to the French Government to participate in the joint discussions foreseen in that passage of the statement.

The French Ambassador undertook to convey this invitation to his Government.

the borders. We would favorably consider recommendations for any necessary enlargement of his organization and improvement of its capabilities.

We discussed the work of the Baghdad Pact and agreed upon its importance for the security of the Middle East. We noted that this association, in addition to its defense aspects, has an important part to play in the economic and political development of member countries. We believe that it serves the interests of the area as a whole and provides no reason for impairing the good relations we wish to maintain with non-member countries.

The United States Government will continue to give solid support to the purposes and aims of the Pact and its observers will play a constructive part in the work of its committees.

We reviewed the situation in Arabia and the Persian Gulf, with particular reference to current disputes and differences in that area. We believe that these differences can be resolved through friendly discussions.

III. South and Southeast Asia

We reaffirm our view that the Southeast Asia Treaty Organization is a stabilising influence. We will continue to give it our full support and to work with those countries who are associated with us as our allies in this organization. We welcome the cooperation of our allies and ourselves with other free nations in this important area, through

such organizations as the Colombo Plan, in developing the resources and well-being of all participating countries.

IV. Far East

We discussed the situation in the Far East. We are firmly united in our purpose: to deter and prevent aggressive expansion by force or subversion, and to assist the free nations of the area in their self-defense and in maintaining domestic stability and welfare. We are agreed that our policies must be directed to achieve these ends. After frank discussion, some differences remain in our judgements as to the most effective means to achieve these purposes.

We are agreed that trade controls should continue and should be reviewed now and periodically as to their scope, in the light of changing conditions, so that they may best serve the interests of the free world.

V. Atomic Energy Matters

We noted with great satisfaction that atomic energy information now being exchanged as a result of the agreements concluded between our Governments last June' represents a gain to the common security. We discussed the development of our close cooperation in this field. We confirmed our resolve to push forward with the setting up, with suitable safeguards, of the International Agency for the promotion of the peaceful uses of atomic energy.

WELCOME AT AIRPORT

Press release 47 dated January 30

Remarks of Secretary Dulles

It is for me a great honor and a pleasure indeed to welcome here on behalf of President Eisenhower and all the American people the Prime Minister of the United Kingdom.

He is by no means a stranger here. He has been here many times and a good many of us have also been on the other side and have known him there. I am sure that none of us forget, and none of us ever will forget, the fact that General Eisenhower and a good many others were over there in 1944 as the guests of Mr. Churchill and Mr. Eden, at a time when through an example of almost unprece-

dented courage the Island of the United Kingdom had been held as a base from which the forces of despotism could be rolled back. That, as I say, is something that we shall never forget.

We are very happy that there is also here Mr. Selwyn Lloyd, the new Foreign Secretary of the United Kingdom, who also is known to us as a former head of the United Kingdom delegation to the United Nations.

We meet here with a background, a tradition, of having worked together for freedom and for a just peace, and the talks which we will be beginning in a few moments now will proceed from that premise and I am confident will lead to making both freedom and a just peace more secure.

Sir Anthony, we are very happy indeed that you are here.

Remarks of the Prime Minister

Thank you very much.

Mr. Secretary of State, I am indeed grateful for your welcome on behalf of the President and the people of this great country. For the Foreign Secretary and for myself, it is a real pleasure, and you all know it, to be here again amongst you.

I am deeply grateful, Foster—if I may call you that instead of Secretary of State for a minutefor the welcome you have so kindly extended to us and for the generous words you have used about my country. It so happens that this visit was arranged at the kind invitation of the President some months ago, and yet I don't think it could have been more timely to judge by recent developments. If there is one thing that will make people at home particularly happy about this event, it is the knowledge that your President is fit and well enough for the visit to be possible, because you know that there is no man in our country who is so widely loved from any foreign land as your President. We always regard him as partly ours for the reasons that the Secretary of State expressed so well just now.

We have all of us, your Secretary of State and I, in times gone by, and the President, and Mr. Selwyn Lloyd, who has come to join us—we have all worked together in difficult times and in less difficult times, should they ever happen to exist.

On this occasion I am quite sure that we can make a serious and positive contribution to peace by understanding between ourselves. I look forward to these talks and we shall be getting down dese T

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^{*} Ibid., July 11, 1955, pp. 58, 62.

to work soon. I am sure you will wish us all success in our efforts and we will do all we can to deserve your confidence.

Thank you very much.

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Remarks of the Foreign Secretary

I am a very new Secretary of State. Therefore, I feel very honored to have the opportunity of coming to take part in these talks. I am very proud to have the opportunity of meeting President Eisenhower again, because I served under him during the years of which you spoke, Mr. Secretary.

I am also very glad of having the opportunity of working with you again and meeting many old friends in the State Department.

It is absolutely clear in my belief that the hopes for a peaceful world depend upon the friendship between our two countries. If we stand together, there is almost anything we can do together. If we fall apart, or if we are driven apart, then there is no danger which may not befall the free world.

We want to continue and maintain that cooperation between us by these talks. I hope they will have a very fruitful and profitable progress.

Thank you very much.

Visit of Sir Anthony Eden

Following are texts of three addresses made by British Prime Minister Sir Anthony Eden on February 2 before the United States Senate and the House of Representatives and, by radio and television, to the American people.

ADDRESS TO THE SENATE 1

Mr. President and Members of the Senate of the United States, I am deeply sensible of the compliment which you have paid me in inviting me to address you today. It is a compliment which, sir, as you know, could not be paid to me in my own country. If I were to stray into what we call "another place," I am afraid nobody would suggest that I should say a single word which shows, if I may say so, that your congressional procedures are very adaptable. I think perhaps it would be dangerous, sir, to make any further comment upon them.

We have just brought to a conclusion a memorable Conference in the service of peace.

I must first express my sincere gratitude to the President of the United States for the patience, initiative, and understanding which alone made our results possible. It was a privilege to work with him, and an added pleasure to find him in such good health.

The Foreign Secretary and I were also very glad

of the opportunity to renew our friendship with your Secretary of State, Mr. Foster Dulles.

Mr. President, you will expect me, as a result of our discussions, and in this distinguished company, to speak of world affairs.

It is a somber prospect which we confront together. Uncertainty and fear stalk the world 10 years after the victory was won. The scene shifts: Our problems take on different forms, but we have still to recognize them for what they are.

The most powerful nations on earth today possess the most destructive weapons man has ever had at his command. This has created a mutual deterrent. You and we and the Russians each command or will soon command the means to annihilate each other. But the warning does not end there. New weapons, guided missiles, rockets, and the like bring new powers of destruction to mankind. Is the world, then, in a few years to shoot itself to destruction at long range? You and we alone cannot give the answers to these questions. But we can face and examine them together and determine what conclusions we should draw.

Wars in the past—in the old continent of Europe and elsewhere—have often begun because one power or combination of powers has believed its forces sufficient to win and hold some overwhelming advantage. This has dazzled the eyes and enticed the minds of conquerors down the ages. Sometimes their ambition has brought them victory. It can never do so in this nuclear age, when oblivion confronts aggressor and victim alike.

¹Reprinted from Cong. Rec. of Feb. 2, 1956, p. 1627.

I wish I could go on to say that on this account all possibility of world conflict is excluded. I cannot. The direct danger is reduced. The indirect threat remains and its consequences can equally be mortal.

Brought to a halt in Europe, Soviet expansion now feels its way south and probes in other lands. There is nothing particularly new in this. You can read it all in Russian imperialist history. But the emphasis has changed, and the symbol and methods, too. This is a struggle for men's minds, once expressed in these regions in conflicting faiths, but now in rival ideologies. From the Kremlin streams forth into the lands of what we call the Middle East, and into all Asia, a mixture of blandishment and threat, offers of arms and menaces to individuals, all couched in terms of fierce hostility for Western ideals.

In the face of this, what answer should the West give? We do not intend to base our policies on the revival of old hatreds or the creation of new ones. We know that we can neither hold communism nor beat it back by force of arms alone. Friendship and freedom, and help of all kinds on which to base a rising standard of life—these are what we offer. It is not so much military containment as political enlightenment which is the need of the day. Let us therefore be quite clear about our philosophy in the appeal we make to other lands. We invite nations to share our free way of life. We neither compel them to join our company, nor hold them by force once they have done so. That is the difference between our approach to the rights of nations and the Communist denial of them. No one supposes that the countries under Soviet dominion today, from Prague to Stettin, from Sofia to Warsaw, are under Communist command because they like it. If they did, why do you think that over a quarter of a million refugees have escaped across from East Germany to the West in this last year? How many more would follow them from other lands if they could? But of course these considerations do not influence Communist thought. Soviet rule is absolute: what the people want is immaterial. For them, man exists for the state, not the state for man. The one-party system is, after all, so much simpler to handle, where the people do not have the chance to vex themselves with a political choice. That is why Communists are sincerely convinced that free elections are a great mistake.

The contrast cannot we think be more sharply shown than in our Commonwealth community, Its older members whom you well know-Canada, Australia, New Zealand, and South Africa-have for generations played their free and individual parts in world affairs and made their distinctive contributions. More lately they have been joined by the new partners in Asia—India, Pakistan, and Ceylon. But I would not like you to think that the process has stopped there, or can do so. It is a continuing development. Everywhere through the Commonwealth and Empire nations are growing up. This places a heavy responsibility upon the parent. He has to be sure that patience is shown, that guidance is given, that experience is passed on—as a warning but not as a command.

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The process is continuing and its consequences will be far reaching.

In many territories of the Commonwealth constitutional progress has reached, or is approaching, the last stage before their peoples assume full responsibility for their own affairs. I could give you examples of this in Africa, in Southeast Asia and in the Caribbean. But I will only mention that, at this very moment, Her Majesty the Queen is in Nigeria, where dwell more than 30 million of her people, with elected legislatures and African Ministers, and the spontaneous enthusiasm of her welcome will have shown how the people really feel. No one can tell you yet to what these great adventures in self-government will lead. There has been nothing like it in the world before. There are risks in it, grave risks, as there are in everything worthwhile. But there are also great rewards.

I have painted you this scene because you will see how different it is from the view of a Soviet leader who recently told us that he could not understand why people should go into other countries except to pump out their wealth and resources. That is just the difference between us, and I am glad of it. The Washington declaration which the President and I signed yesterday sets out the principles of the faith we share.

I suggest to you that we should follow the courses I shall now describe to give it effect.

First, we should maintain our alliances and friendships firmly, loyally, and without apology.

This does not exclude a willingness to meet and talk with Communist powers. We cannot expect all the world to love each other, but we can try to allay hatreds. All such efforts should, however, be attended by an awareness of the methods which will be used against us.

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Secondly, in the areas where the danger of conflict is most acute, we should, whenever we can, declare our unity of purpose. For instance, between the Arab States and Israel, where the danger has increased, we have done well—I hope you will think—in our communique to make clear that we are to discuss together—we and you—what action we should take. The more prepared we are, the less likely is an emergency to arise.

Thirdly, it would be a useless exercise to chase Soviet activity all around the world in the sense of trying to cap every offer they profess to make by a better on our own account. I doubt whether even the resources of your great country could stand that strain, and it would be a foolish effort anyway. I am convinced that our method should be different, that we should continue to give economic help in those areas where it is most needed, putting first the reasonable requirements of our own friends, but not forgetting others.

I have spoken of the principles set out in this declaration of Washington, and I have indicated the courses which we, for our part, are determined to follow in order to give effect to these principles.

But this is not the only outcome of the conference. We have done more. We have shown once again that we can work together and do that work in the closest comradeship. Of course we do not always agree at every point. Free men never do; nor, I think, free women either. But it is the strength of our unity that we have no need to conceal this. Never, I am sure, has the measure of agreement been so wide and true as it is today. Never has the identity of our common purpose been so plain. This is the keynote of our work together in these days.

Above all, this meeting has refreshed our friendship and reaffirmed our alliance. On their strength the future of the free world rests secure.

Mr. President, I have given you an account of this conference and what has passed, and where we are now together. But, you know, there is something in our relationship which cannot be put into documents, which cannot be rehearsed in speeches, but which is infinitely more important than the written word. It is the spirit that animates our friendship that you and we can sit down in the way the President and I have done in these 3 days, not always agreeing, but knowing that at the end the greater issue will always exclude the

lesser. That is what counts. You cannot analyze what it is due to, but it is something that only the free world enjoys. So long as we treasure and hold it, our nation and yours together, there will be peace in this world.

ADDRESS TO THE HOUSE

Mr. Speaker, and Members of the House of Representatives of the United States:

Mr. Speaker, I am deeply conscious of the honor you have done me in asking me to speak to you. In inviting me to address both Houses of Congress I have today been invested with a dual personality which I fear that the British Parliament at home would never allow. There, you know, they think it is quite bad enough to have me in one House. But, nonetheless, I thank you very much.

Sir, in speaking to the Senate I have shown that the declaration which the President and I issued yesterday reaffirmed to both our countries our determination to promote peace and to defend the free world. It also recognized this, that we cannot contain the enemies of freedom by military action alone. Simply to deter the aggressor is not enough. It is of the constructive part of our work that I would now like to speak to you.

The principles which have guided us, and which I can fairly say influence our two countries, we offer to other lands, you and we: Political understanding, material help with no strings attached. We offer free and friendly association to all peaceloving nations.

It is fair to say that these are generous offers, but having made them we must fulfill them and show ourselves worthy of the trust that the free peoples place in us.

So, Mr. Speaker, I would like, therefore, to speak to you of how we in the United Kingdom believe that we should take our share of this duty.

First, we have to continue vigilance of our own strength; for, if we are weak ourselves we cannot help others either with political guidance or with material assistance; nor can we protect them with military power. To do all these things, of course, places a heavy load upon British resources.

If we are to maintain the mobility of our forces and the means to deal with any emergencies that may arise in these many and distant lands, then

² Ibid., p. 1649.

bases, garrisons, harbors, and airdromes and all their attendant paraphernalia must be paid for. That is why the expense of our overseas defense looms so large in our annual budget and places a continuing strain on our balance of payments. These costs are in fact infinitely larger than those of any other country except yours.

Add to this, Mr. Speaker, the direct charges for defense, the medium bomber force which we alone in Europe are today building as part of the deterrent; the cost of the hydrogen bomb which we are engaged in making, and you understand, I hope, that we are not an unworthy partner. Of course, our contribution is small in amount by comparison with yours, but in proportion to our size our effort is comparable to yours.

Mr. Speaker, I know it is sometimes said in this country that the Prime Minister of the United Kingdom only comes to the United States in order to get dollars. Now, with your help, sir, I should like to lay this ghost once and for all.

We are sincerely grateful for the economic aid we have had in the past. It has helped us to repair the consequences of 6 years of bombardment and war, because that is how long it lasted in Britain, nearly 6 years; but apart from a measure of defense aid, which we value, we now stand on our own feet, and we intend to continue to do so.

The scale of the United States assistance to the free world in these past years, has been an act of generosity unmatched in history. I know it is difficult for you to applaud them, but I can assure you any British audience would do so, and any I hope in the free world.

Marshall aid, linked in fame with the name of a courageous and imaginative soldier, brought salvation to Europe at a critical hour. The world should not forget that you offered that help to all on either side of the Iron Curtain.

These policies you have upheld manfully and at heavy cost to yourselves. Never has a nation in years of peace so heavily taxed itself for others.

As I have said, we at home have to continue to build our economic strength, and it is with this in mind that we have never spared our effort, nor shall we, to develop nuclear power. These efforts are taking many forms. As perhaps you know, our first atomic power station will be working this year—perhaps even a little ahead of yours—I hope so. A number of others are under construction and will come into operation in due course.

But machinery and power alone are not enough.

To keep pace with these and other scientific needs we are now undertaking an extensive program of technological education. This will be spread over the next 5 years and will bring new opportunity to our young people so that in quality we may hold our own in all these new fields.

Mr. Speaker, I ask you to believe that though Britain is an old country, she is still young in heart, ready to compete even with you in the expansion of this new industry which may well create a new industrial age for us all.

So much for the economic aspects. The free world has also to display a political stability. I think you will agree that the British people have not failed you in this. We have even given the world an example in this respect for a long time past, but, sir, we intend to continue to do so for a long time to come.

With strength at home must be linked imaginative and progressive policies abroad, and here we have special responsibilities of which you know. I have read some of your resolutions about them. We shall discharge those responsibilities.

We are convinced that it is our duty to encourage the steady progress of nations toward self-government. We have applied this principle many, many times. The examples are familiar to you. I will only mention that at this very moment while you and I are grouped here in this great hall, Her Majesty the Queen is in Nigeria where dwell more than 30 millions of her people with elected legislatures and African ministers.

In recent years many territories of the Commonwealth have attained nationhood; others are advancing by stages on the same path.

It is our faith that the confidence which self-government breeds is the best antidote to communism. But we are also aware that a danger of our time is that freedom can be lost by subversion. You will have noticed how these peoples who are just reaching nationhood are the special object of Communist ambitions which seek to take advantage of any inexperience or weakness they may show. Of course we know that these are the attendant hazards, yet we are convinced that the encouragement of these many peoples toward self-government will prove itself as wise statesmanship. Indeed, the recent experience of the Commonwealth shows that this is true.

Finally, Mr. Speaker, the free world has need that its foreign policies should fairly measure up to the realities of the world in which we live. coun W W thinl

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Good faith between nations.

The interdependence of peoples from which no country, however powerful, can altogether escape.

We can join in building a free world.

What of those who lie beyond it? I do not think we should ever fear contact with those with whom we do not agree. I think if we have faith in ourselves and in our convictions we should, therefore, be ready to meet with others of contrasting ideologies.

And so, Mr. Speaker, I sum up my message to you:

Last night the President and I signed the Declaration of Washington together. It embodies our faith; it expresses our principles and shows our confidence in our destiny. If we have the tenacity to maintain these before the world and the courage to defend them in conference or in conflicts we can together face the future unafraid.

Mr. Speaker, in all conferences there are the written words of the parliamentary documents, there are the discussions, there are the communiques—call them what you will—but it is not enough, you know, sir, to talk of this conference merely in that fashion, because there was much more to these 3 days in value to our countries than that. What was much more valuable was this: The spirit which animates our two countries. It is that that counts above all.

These have been the most encouraging 3 days I have ever spent among you here in Washington, and I have been on many of these journeys. They were encouraging not only because it was heartening to find your President in such wonderful health; but they were also encouraging because I thought at all times how close we were in mind and thought, and I come away convinced that if we can remember that spirit which unites us much closer than any written document whatever you put in it, then together we can really render service to this troubled universe and maybe bring peace to the world forever.

TRANSCRIPT OF RADIO AND TELEVISION ADDRESS

Good evening. I am glad to have this chance to talk with you tonight. It is almost, in a way, as though I were visiting with you in your own homes. Of course, we often do this at home in Britain, and I have talked with the folks there, because we have television and use it widely there, too.

Tonight I want to talk to you about the visit I have just paid to Washington and the work I have been doing with President Eisenhower in an attempt to try to strengthen the causes which are working for peace in the world. Now, for me this has been, I think, the most encouraging conference I have ever attended, and I just would like to tell you why.

First of all, because I found your President in such excellent health and, to use one of your expressions, I think, with his eye well on the ball all the time.

The success of our 3 days' work is in the main due to him.

Of course, he and I are old friends; we have known each other for many years, since the war when, as many of you who are watching or listening tonight will know, he commanded not only your troops but ours to victory in the field.

Tonight may I talk about a different kind of work we have done together, because what we were engaged upon this time was an effort to try to promote peace, and we decided in our discussions that it would be well to set out what you might call the philosophy of the free world, that is to say, the thought that lies behind our way of life in your country and in mine, and to express this in simple terms and to embody it in one document, and we called that document the Declaration of Washington.

Now, I would just like to say a few words about what we meant by that document, and also what its special, special message is. It deals with our faith in many matters. It points out how we are determined, so far as in us lies, to lead the peoples of the world to free self-government.

But, of course, you may say that is something that has been going on in the British Commonwealth for a long time, and, of course, that is true. There is one example of how it is actually developing now in the presence of our Queen in Nigeria, where she is being cheered by millions of her subjects and where she will meet African ministers, African legislators.

That process is going on continuously in Asia, in Africa; its older friends are well known to you, and in this large partnership of which we are, we like to think, the heart and center, many great

countries now form part, Canada, Australia, New Zealand, South Africa; and then in Asia, more recently, we have been joined by India, Pakistan, and Ceylon.

Now all this is an experiment which has no parallel at all in world history, and it goes forward steadily.

The message I want to leave with you in this connection is this: Nothing of that kind can ever happen in the Communist world behind the Iron Curtain. There is no developing toward free self-government there. That is one of the things with which our declaration deals.

The next is how we can help other countries who are, perhaps, less well placed than ourselves, either in respect of resources or development, and that help can take many forms and should be given with no strings attached; we think it can take the form of actual financial or economic aid or it can take the form of technical assistance. That is part of our faith to carry that through, to do that for these people so as to raise their standard of living, because we know that self-government and economic stability are the strongest antidotes to communism.

So those are some of the things that we are planning to do, and we set out in this Declaration of Washington.

But, of course, apart from what is described in the Declaration, we understand very well that, with a world situation like we see around us now, we have got to work continuously to find opportunities to try to reduce tension, to try to make the acute anxieties that today exist less in the world.

You have the great deterrent power, which we are creating, too, and that is vital to peace, I admit—but it is only one side of our work. No less important is the constructive part, and we think we must take every opportunity that we can so that we may loosen up some of the rigid barriers that divide the world today, and do so with caution, knowing well what it is we have to face.

For those who may feel, amongst you, that you should never have contacts with those whose state is the antithesis of our own, to those I would say I would not myself take up that attitude. If you have confidence in yourself, if you believe in your own conviction, if you trust to your own faith, you need not be afraid and shouldn't be afraid to meet and to argue with others.

There is a third element we must never forget-

to hold fast to our allies. The sheet anchor of peace today is the North Atlantic Treaty Organization, which unites all the countries of Western Europe together in a defensive alliance. They will never attack anyone, but they are a shield of defense against any dangers that may come in the future. That, too, we must do, support and hold fast always to our allies.

Of course, the President and I discussed many other matters. We discussed almost every difficulty you can think of in the world, and there are plenty of them, aren't there?

But there is just one warning I would like to leave about our two countries, about Anglo-American relations.

Usually they run smoothly and easily. Well, of course, when they do, there is no headline in that. There is no news in that; nobody notices it much.

But if ever there is something that goes a little wrong or some difference between us, immediately that is headline news. Everybody writes about it, and perhaps you here and we in Britain get excited about it.

Now, that is unwise. We have got to realize that from time to time two great free peoples will disagree about certain matters. We have got to remember that the greater unity is always so much more important than any rift there may be from time to time on any individual policy.

I think you know that is the most important consideration for us to bear in mind about our two countries. It is the one, at least, to which I attach the most significance.

And so you will discuss the problems of the world in documents, in inscribed charters, in declarations, and so on, and they are of great value to you, but there is something more important for you and for us than that. There is something that, for me, has emerged from this conference which counts far more than any written document, and I wonder whether I can succeed in putting my meaning to you.

It is not declarations, it is not the agreements, it is not the discussions, valued as they are. That can happen between other countries. But what is beyond price in its value to both our nations is that spirit of unity which expresses itself when you and we sit down together to work out our problems.

I know nothing like it anywhere else in the world today, and I say something more to you:

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If you and we can hold on to it, then there is no limit to the service we can render to peace, and my strong sentiment, after coming once again among my American friends, is just that—that never have we had a greater opportunity to work for peace.

We are determined that our efforts shall succeed. If we are convinced in that determination, there is nothing we cannot achieve. So there is my message to you.

As always, it is a pleasure to be in the United States, to thank you for your welcome, your understanding, and your friendship. But, as I bid farewell to you tonight—for I fly to Canada tomorrow—my message is: Please help us to keep that spirit of unity between our two countries alive, because it can mean peace for the world forever.

U.S.-French Cooperation

Press release 63 dated February 4

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The following is the text of a letter from Christian Pineau, Foreign Minister of the French Republic, to the Secretary of State, delivered by Ambassador Couve de Murville, on Friday, February 3, 1956, together with the Secretary's reply transmitted through the American Embassy in Paris on February 4.

Foreign Minister Pineau to Secretary Dulles

Mr. Secretary: On taking over my office, I am gratified by the opportunity which it provides to collaborate personally with you. The long standing friendship between France and the United States and the Atlantic Alliance constitute powerful bonds between our two countries which I will endeavor to strengthen even more, in the interest of security and of general peace.

C. PINEAU

Secretary Dulles to Foreign Minister Pineau

Dear Mr. Minister: I have just received through your Ambassador here your kind message. Let me assure you that I heartily reciprocate your sentiments and look forward to close and friendly cooperation with you.

I hope that I may see you next month at Karachi,

Sincerely yours,

FOSTER DULLES

Itinerary for Secretary Dulles' Trip to Asia

Press release 62 dated February 3

Secretary Dulles, following his visit to Karachi, where he will attend the Seato Council meeting March 6-8, will visit a number of other countries in Asia. At the invitations of the Governments concerned, he will pay brief visits to India, Ceylon, Indonesia, Thailand, Viet-Nam, the Philippines, the Republic of China, the Republic of Korea, and Japan.

The Secretary's schedule is as follows:

The Secretary 5 senedar	o is as follows.
Friday, March 2	Depart Washington.
Monday, March 5	Arrive Karachi.
Friday, March 9	Depart Karachi. Arrive New Delhi.
Sunday, March 11	Depart New Delhi. Arrive Colombo.
Monday, March 12	Depart Colombo. Arrive Djakarta.
Tuesday, March 13	Depart Djakarta. Arrive Bangkok.
Wednesday, March 14	Depart Bangkok. Arrive Saïgon.
Thursday, March 15	Depart Saïgon. Arrive Manila.
Friday, March 16	Depart Manila. Arrive Taipei.
Saturday, March 17	Depart Taipei. Arrive Seoul.
Sunday, March 18	Depart Seoul. Arrive Tokyo.
Monday, March 49	Depart Tokyo.
Wednesday, March 21	Arrive Washington.

M. Mayer and Party To Visit U.S.

The Department of State announced on February 3 (press release 60) the members of the official party that will accompany René Mayer, President of the High Authority of the European Community for Coal and Steel, when he visits Washington from February 6 to 9. They are as follows:

Pierre Uri, Director, Economic Division, European Community for Coal and Steel

Tony Rollman, Director, Market Division, European Community for Coal and Steel

Fernand Spaak, Special Assistant to the President

The Record of Communist Imperialism in East Germany

by Under Secretary Hoover 1

It is a great honor for me to represent the United States Government at this 10th anniversary of RIAS—Radio in the American Sector. I bring to the people of Berlin and of all Germany the warm greetings and good wishes of President Eisenhower and Secretary of State Dulles—and of the American people. They know it is your spirited devotion to the cause of freedom that gives meaning and value to the mission of RIAS.

As one who took an active part in radio during its early days, I have followed RIAS from its birth in 1946 with unusual personal interest. During its decade of service RIAS has become an integral part of the German community. It has gained fame far beyond the borders of Germany. for it links the captive population of the Soviet Zone with the free world. RIAS has built countless bridges of thought and spirit between the peoples of the free West and the captive East. It has helped maintain the faith which those men, women, and youth of Germany who are still under Communist domination have in the fundamental concepts of culture and freedom which they cherish. In spite of the drabness and oppression of their present life, it has reenforced their hope for a brighter future when the day of liberation arrives. It symbolizes the deep cultural and spiritual solidarity that exists between the free world and some 17 million Germans who still are unwillingly separated from the rest of their countrymen. To the extent that it helps strengthen this tie, RIAS contributes to the unique role of the people of Berlin in the heart of a divided country. Notwithstanding continued attempts to jam and suppress its voice, RIAS will speak for them until that division has ended.

In the spirit epitomized by your former Mayor,

Ernst Reuter, and so well exemplified by the other incumbents of this high office, Frau Schroeder, Mayor Schreiber, and Mayor Suhr, the people of West Berlin have responded to their tasks with a courage and resolve which has won the admiration of the world. Your firmness has been a source of inspiration to everyone dedicated to freedom's During the blockade of 1948-49 you demonstrated an unswerving faith. In turn, the West responded with an unprecedented airlift. Today, as then, the free world regards the people of Berlin as partners in the pursuit of a real peace based on justice and freedom. It is in the cause of these principles that my own country will continue to meet its responsibilities in Berlin and to support the declaration recorded as part of the London and Paris Agreements of 1954.2 With respect to Berlin, the declaration said that the security and welfare of Berlin, and the maintenance of the position of the Western World there. were regarded as essential elements of the peace of the free world. It said, further, that armed forces would be maintained within Berlin as long as these responsibilities required it. It reaffirmed that any attack against Berlin, from any quarter, would be treated as an attack upon the Western World.

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It is not necessary for me to remind the people of Germany of the hardships and injustices coming from 11 years of enforced partition. The personal and family lives of many within the sound of my voice have been directly affected. The source of these painful experiences is well known to all of you. There are few places on earth where the true meaning of Communist imperialism is better understood. This ceremony is a particularly appropriate occasion upon which to review the record.

¹Address made at Berlin on Feb. 5 (press release 58 dated Feb. 3).

² Bulletin of Oct. 11, 1954, p. 521.

Dedication of Herbert Hoover School

Following are the remarks made by Under Secretary Hoover at the dedication of the Herbert Hoover School in the Wedding District of Berlin on February 6 (press release 59 dated February 3).

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My father, who has visited Berlin many times, regrets that he cannot be with you on this special occasion. However, he asked me to give you this message:

"There is no greater honor that can come to a man than to have a school named for him. There is no part of our life with which I would rather be associated than the education of our young people, for within it lies the basis for our future.

"I am particularly pleased that education is playing such an important role in this embattled city, and I feel certain that the students of this school will hold firmly to the maintenance of freedom and justice, even under these most trying of circumstances.

"I am indeed deeply honored by your action in naming this school in Wedding after me.

"I send you all my very best wishes."

I should like to add a few words of my own.

This school symbolizes the spirit of the people of Wedding. It will carry forward your heritage of a thorough technical education that has been the basic foundation of the great industrial economy of your country for so many years. Both my father and I were trained as engineers. From my own experience I know the close relationship that exists between the practical background of the engineer and the problems that face us in government. The reconstruction of your city, physically and politically, is evidence of the productive combination of professional skills and political progress in your free, modern, and competitive economy.

During recent years, through close association between the people of your country and mine, I believe that a lasting bond of friendship has been established. Your steadfast devotion to freedom has been a constant inspiration to the free world.

One of the vivid recollections of my college days is the motto of Stanford University, from which my father and I both graduated. The words of this motto are written in German and for almost 70 years have been emblazoned on the shield of our university: Die Luft der Freiheit Weht (Let the Winds of Freedom Blow). They came originally from Ulrich Von Hutten, a German philosopher of the 15th century. These are words that live with real meaning today and are especially significant to you who long for a united Germany based upon free and democratic institutions. You are fully aware of what freedom brings—the opportunity to choose your own career, your own job, and your own way of life.

In the knowledge that freedom will long be cherished by you and those who follow you in this school, in the name of my countrymen I wish you every possible success.

Nearly 11 years of postwar history have been written. This period has a particular significance, because it clearly depicts two contrasting philosophies of government. Here in the two adjacent but divided parts of Germany the forces of Communist imperialism and the forces of freedom have each left their imprint for the world to see. East Germany has been a tragic example of what happens under Communist domination, particularly when compared to the progress in West Germany. Nevertheless, it has been a fair test of these two contrasting systems. They began at the same time and under the same conditions following the war. They dealt with populations of the same national heritage and the same economic background. No nation and no people can afford to ignore the lesson which has been so vividly taught here.

At the beginning of this afterwar period, it was clear that the work of reconstruction would have to go hand-in-hand with the other tasks of human progress. In 1945 it was formally agreed that the four zones of Germany should be treated as a single economic unit under a single economic administration. Zonal borders were not intended to be barriers. Democratic political parties were to be allowed and encouraged, with rights of assembly and public discussion. Self-government was to be restored on true democratic principles through freely elected councils, first at local and then at regional and state levels. Trade unions were to be encouraged. Speech, religion, and the press were to be free and uncontrolled.

The Division of Germany

Since that time it has become painfully clear that Soviet promises bore no resemblance to Soviet actions. The Soviet Government placed an iron curtain around the 17 million people in the Eastern Zone of the country. Economic servitude was imposed in the Soviet Zone, and their authorities rejected all Western efforts to unify Germany as a single economic unit. While the American offer of July 1946 to join the U.S. Zone with any other zone or zones in common economic administration was accepted by the United Kingdom and France, it was preemptorily rejected by the Soviets. This was the turning point. Germany was arbitrarily divided by Soviet action into a West and an East. As every German knows, from that time on the development and progress of the two areas have taken fundamentally divergent courses.

The phenomenal economic and political recoverv in West Germany will stand forever as a tribute to the energy and ability of the German people at work under a free society. Out of this soil of freedom, and with the assistance of the West, there has grown a stable, sovereign, and democratic government that has commanded worldwide respect. Industrial production has doubled over prewar levels. Today West Germany has a thriving, modern, competitive, free-enterprise economy, with a standard of living no one considered possible 10 years ago. It supports not only its own expanding postwar population, but an additional 10 million people who have come from Communist areas. In this new free society all of its elements have contributed and flourished-industry, labor, agriculture, churches, schools, professions, arts, and political parties. The people of the Federal Republic have the right to think freely, to speak freely, and to have a truly free press. They have a constitutional government with their representatives freely elected, without interference or coercion, and free to shape the destiny of their own country. They are in every sense a free nation.

At each stage of West German progress, the Soviets and their satellite government at Pankow attempted to interpose obstructions. There were alternate threats to the physical security and to the economic life of the country. While there were offers of unity, they were on terms designed to force communism on the whole of Germany.

Soviet Rejection of Free Elections

Last year, when the Federal Republic became a sovereign and equal partner in the North Atlantic Treaty Organization, the Soviets cast aside all pretense of true reunification. Despite their solemn agreement at the "summit" that Germany should be reunified by free elections, they later, at the Meeting of Foreign Ministers, openly rejected the possibility of free elections throughout Germany—even though the united German people would be free to choose their own alliances and a proposal was made for a far-reaching agreement on European security. The Soviets dared not risk a test of the free will of the German people. They knew that there would be an overwhelming repudiation of the whole theory and practice of communism.

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Starting with the same basic conditions 11 years ago, let us review the progress in the zone that the Soviets have ruled. It is in sharp contrast to that of the Federal Republic. The grim facts are well known here, but they need to be repeated over and over. In no other way can the moral force of humanity in the rest of the world be brought to bear on this travesty of justice.

What are the economic facts of life in this Communist area of Eastern Germany? Workers must meet ever-increasing goals of output without adequate compensation. Their so-called "trade union" is merely a government instrument for propaganda, restraint, and control. They have destroyed the finest traditions of independence and responsibility in the trade union movement. Farmers have been deprived of freedom and incentive by enforced collectivization. They must produce high-delivery quotas at artificially low prices. Basic foods and consumer items are in short supply. The standard of living is ruthlessly depressed below the level that their hard work would be expected to provide. There are three times as many housing units built in the Federal Republic each year, in proportion to the population, as there are in East Germany.

The contrast is there, it is real, and it is appalling. Its proof is in the stubborn refusal of the Soviet Government and its Communist authorities to open East Germany to the view of other parts of the world. The Iron Curtain serves a purpose in controlling captive populations, but it also acts as a shield for Communist failures. In East Germany it has tried to conceal the gross mismanagement of the economy and the callous attitude of the Communist regime toward the basic needs of the German population. It attempted to gloss over the exploitation of the people and their natural resources for the selfish ends of the Soviets themselves. It is recently reported that Khrushchev has said, "Why should a country be occu-

pied unless it is to be pumped out?" The enslaved people of East Germany can attest to the accuracy of this statement.

For example, we know that the uranium mines in the Eastern Zone could some day prove of vital usefulness to the peaceful future of the whole German people. But these are being rapidly depleted by the Soviets to serve their own purposes. A substantial percentage of the uranium mined by the Soviets is actually being taken from the satellites. This serves a double purpose. It permits them to economize on the use of their domestic resources, and when liberty finally comes to East Germany its uranium supplies will be greatly diminished.

And this is but a single incident in the "pumping out" process that goes on continuously. Yet in this regimented state these captive people are powerless even to protest.

The "People's" Army

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Only a few days ago the German Communists, acting as agents of the Soviets in East Germany, formally announced the conversion of their police, who have been in training since 1949, to imperial troops on land, sea, and in the air. The very forces which have been used to oppress the East German population are now being called a *People's* Army. The people, who have been so maltreated by such forces, are now urged to support them out of a sense of "patriotic duty."

Those more distant from the actual scene may not readily understand the methods used to conceal the purposes and actions of this imperialism. However, the people of East Germany know only too well that the real rulers have disguised themselves behind a facade of local Communist agents that are hated and despised by the very population they allege to represent. This alien regime spares no effort to cloak itself with a meaningless shell of democracy and to use it for political control over the population. The East Germans clearly recognize that it is a false front to cover the machinery of an iron dictatorship. The mock election in 1954 of a single list of Communistsponsored appointees left no room for doubt. Widespread popular uprisings in June of the previous year indicated to the world that a free, secret, and uninfluenced ballot would have run the Communist regime out of office by overwhelming vote.

The East German regime has twice gone through

the empty ceremony of declaring itself German and sovereign. The device has become elaborate but it deceives few Germans and, least of all, those who are forced to live under it. It is to their everlasting credit that all but a few have steadfastly refused to give up their real ideals and principles despite necessary outward compliance with such enforced measures.

Perhaps the most dramatic testimony to the failures of the Communist East German system is the fact that last year over a quarter of a million East Germans left their homes, farms, relatives, and lifetime surroundings behind them in their determination to seek more freedom. It is particularly significant that a large proportion were from the younger generation. In many cases the parents made the sacrifice of staying behind so that their children could grow up in a free society where they could choose their own careers and their own jobs. They wanted freedom of opportunity.

Those who left the Communist area were not merely protesting political, military, or economic hardships, however desperate they may have been. They were not seeking simply to improve their economic well-being. They were determined to regain the freedom and human dignity which was their birthright.

Exploitation of the Satellites

Notwithstanding the record of oppression in East Germany, the Soviet leaders are currently urging other peoples to accept their economic assistance, their technical aid, and, by implication, their way of life. It seems to have escaped attention that this is being largely accomplished through the exploitation of East Germany and the other satellite countries of Europe. The result is that the freedom and living standards of those under Communist domination have been squeezed, while at the same time the Soviets have attempted to create the illusion of benevolence and achievement by their offers to the outside world. Certainly none of the past 11 years can be translated into terms of benevolence or achievement for the people of East Germany.

The facts of this hypocrisy must be etched clearly on the conscience of civilized society. The moral indignation of the world is a powerful force. It cannot be ignored. Nor can it be brushed lightly aside by those who are forcefully

imposing a system of imperialism, on a scale rarely witnessed before in the history of mankind, while at the same time they are professing peacefulness and good will.

There has been some concern that emphasis on economic and social competition in other areas of the world may cause my own country to have less concern about the unsolved problems of Europe. I assure you that this is not so. We shall not be deflected from vigorous pursuit of a fundamental goal of our policy—the achievement through peaceful means of a fully free and unified Germany. We will continue to pursue every reasonable and responsible avenue that offers hope for lasting peace. However, there is a vast difference between avoidance of war on the one hand and true peace on the other, which no Communist blandishments will cause us to forget.

In his address to the people of the United States after returning from the summit conference at Geneva, President Eisenhower said that the pursuit of peace must include justice, freedom, security, and prosperity for all nations, great and small. He continued to say:

That is the spirit in which the American delegation went to Geneva. We asserted then—and we shall always hold—that there can be no true peace which involves acceptance of a status quo in which we find injustice to many nations, repressions of human beings on a gigantic scale, and with constructive effort paralyzed in many areas by fear.

In President Eisenhower's Christmas message to the captive peoples of Eastern Europe ³ and his New Year's message to Chancellor Adenauer are evidences of the determination of my Government to seek an enduring peace in Europe based on justice and freedom. Only last week, in his reply to Bulganin, ⁴ President Eisenhower again emphasized the primary importance of a free and united Germany and reaffirmed our dedication to that cause.

I would be less than frank if I were to give the impression that the struggle ahead of us in Germany and Europe will be an easy one. But there is a source of confidence in the moral integrity of the free world. It is a force which my country, in combination with the Federal Republic and other free nations, is dedicated to strengthening. It is a force that springs from the unlimited re-

sources of freedom and common purpose. Freeworld strength is not only a matter of defense against military aggression, or of industrial production, or of scientific advances, though these all play their part. It is fundamentally the collective power of spiritual, moral, and intellectual values based on political liberty and the recognition of the individual rights of free men. It is a force which unites diverse cultures, creeds, and economic systems. It is the unbreakable bond between captive peoples and the people of the free world. It is the basic strength behind our diplomatic negotiations and international conferences. It is beyond the reach of imperialism and tyranny. It cannot be contained by barbed wire or border guards. Deep within it lies the hope of all mankind for peace, justice, and freedom.

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Harassment of Legation Employees and Correspondents in Budapest

TEXT OF U.S. NOTE TO HUNGARY 1

Press release 57 dated February 3

The Secretary of State presents his compliments to the Honorable the Minister of the Hungarian People's Republic and has the honor to refer to the note addressed to the Minister on September 1. 1955, and to the related note and accompanying memorandum addressed to the Hungarian Ministry for Foreign Affairs by the American Legation in Budapest on July 1, 1955.2 These communications protested against the harassment of local employees of the American Legation by the Hungarian authorities and the resultant impairment of normal and proper functions of the American Legation and pointed out that the United States Government was thereby forced to effect some measure of reciprocity of treatment by terminating all information activities of the Hungarian Legation in Washington except those conducted wholly within its own premises. The Hungarian Government made no reply to the United States note of July 1. Moreover, the response of the Hungarian Government on September 30 3 to the

⁸ Ibid., Jan. 16, 1956, p. 84, footnote 3.

⁴ Ibid., Feb. 6, 1956, p. 191.

¹ Presented by the Deputy Assistant Secretary for European Affairs, Jacob D. Beam, to the Minister of the Hungarian People's Republic on Feb. 3.

² For texts, see Bulletin of Sept. 19, 1955, p. 459.

Not printed.

further United States note of September 1 served no purpose other than deliberately to misrepresent the scope of the restriction placed upon the Hungarian Legation—a misrepresentation repeated on several subsequent occasions in public statements of high officials of the Hungarian Government.

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The Hungarian official press announced on January 15, 1956 that the Budapest Court and the Military Tribunal of Budapest had jointly tried and convicted Bela Kapotsy and Cornel Balas, both employees of the American Legation in Budapest, "for intelligence work on behalf of a foreign power, for seditious acts and other crimes". Mr. Kapotsy was sentenced to life imprisonment; Mr. Balas, to a term of eight years.

Mr. Kapotsy and Mr. Balas were arrested on February 24 and June 23, 1955, respectively. The American Legation, despite its repeated requests, has never received from the Hungarian Government any satisfactory explanation or justification of the detention of these employees. Their trial, like their arrest, their detention incommunicado, and all other phases of the proceedings against them, was cloaked in secrecy. There are, in addition to these two individuals, seven other local employees of the American Legation who were taken into custody by the Hungarian authorities during the period 1951 to 1954 without explanation to the American Legation and whose whereabouts and fate are unknown to the Legation.

Neither Mr. Kapotsy, Mr. Balas, nor any other employee of the American Legation in Budapest has engaged on behalf of the United States Government in activities such as those charged against Mr. Kapotsy and Mr. Balas.

The Hungarian press announcement of January 15 also referred to the cases of Andrew Marton, Hungarian correspondent of the Associated Press for many years, and his wife, Ilona Marton, Hungarian correspondent of the United Press. conduct of the Hungarian Government has been similarly arbitrary and secretive in this instance. Mr. Marton, who was arrested on February 25, 1955, was sentenced to six years' imprisonment for alleged espionage and sedition; Mrs. Marton, who was arrested on June 23, 1955, was sentenced to three years' imprisonment on the same charges. The protracted detention incommunicado and subsequent imprisonment of the Martons have not only deprived the Associated Press and the United Press of the legitimate professional services of these experienced local reporters; they have also

seriously prejudiced free access to news sources within Hungary and must therefore be regarded as an abridgment of freedom of the press.

The Government of the United States will not remain silent while the Hungarian Government, through its secret police, continues to persecute Hungarian employees of the American Legation. It is obvious that such persons have been singled out as special targets, falsely accused of subversion, and subjected to cruel and wholly unwarranted punishment by Hungarian authorities for the purposes of adding to the terrorization of the Hungarian people, attempting to discredit the American Legation, and undermining the prestige of the United States before the Hungarian people.

For many years now, the Government and people of the United States have looked in vain for some slight sign that the present leadership of Hungary might one day be disposed to act like an independent and responsible government, to honor its international obligations, and to show a decent respect for the rights of the Hungarian people. Whatever its pretensions to principle, the Hungarian Government can command no credence in its words and no confidence in the rectitude of its actions.

Now, as in the past, the Hungarian Government continues unabated its systematic suppression of human rights and liberties in violation of its specific treaty obligations. This policy, together with the irresponsible treatment and abuse of dulyaccredited foreign diplomatic missions by Hungarian authorities, stands in stark contrast to the insistent claims long put forward by the Hungarian Government of qualification for membership in the United Nations. The record, including the latest incidents reviewed above, not only contradicts those claims but also places in serious doubt the ability or willingness of Hungary, under its present government, to carry out in good faith the Charter obligations it has assumed upon admission to the United Nations.

The United States Government has given careful thought to the situation which now exists as the result of the failure of the Hungarian Government to explain satisfactorily or to remedy and bring to an end the harmful acts which it has directed over a prolonged period against the American Legation in Budapest and the Legation's Hungarian employees. It has concluded that full responsibility rests upon the Hungarian Government for intensifying the strains and diffi-

culties in United States-Hungarian relations and that, until this situation is altered by positive and constructive steps on the part of the Hungarian Government, there is little prospect for understanding or improvement in the relations of the two Governments.

In keeping with the considerations set forth above, the Minister is informed of the following steps that are being taken by this Government:

- 1. The United States Government is unwilling in present circumstances either to encourage or facilitate the travel of American citizens to Hungary. The requirement of passport validation, which was previously in effect in respect of travel by American citizens to Hungary but which was withdrawn on October 31, 1955,4 is being reinstituted.
- 2. Additional restrictions on the travel of Hungarian Legation personnel in the United States, which effectively establish full reciprocity as between limitations affecting movement by members of the American Legation staff in Hungary on the one hand and those affecting the movement of members of the Hungarian Legation staff in the United States on the other, will be notified to the Minister at an early date.
- 3. The United States Government no longer considers feasible, and is accordingly abandoning at this time, consideration of possible talks with the Hungarian Government on various problem areas in United States-Hungarian relations.

A copy of this note is being delivered by the American Minister in Budapest to the Hungarian Minister for Foreign Affairs.

William H. Jackson Appointed Special Assistant to President

The White House announced on January 28 that the President had that day appointed William H. Jackson as Special Assistant to the President. Mr. Jackson will succeed Nelson A. Rockefeller, who resigned on December 31, 1955. His appointment is effective March 1, 1956.

Mr. Jackson will assist in the coordination and timing of the execution of foreign policies involving more than one department or agency. He will represent the President on the Operations Coordinating Board and will attend meetings of the Cabinet and the National Security Council.

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Mr. Jackson has served as Deputy Director of Central Intelligence, chairman of the President's Committee on International Information Activities, and more recently as a Special Assistant to the Secretary of State at the Conference of Foreign Ministers at Geneva.

Foreign Minister of Spain To Visit Washington

Press release 51 dated February 2

The Foreign Minister of Spain, Alberto Martin Artajo, has accepted the invitation of the Secretary of State to make an official visit to Washington from April 10 through April 12. This will be the first official visit of the Foreign Minister to the United States since he was appointed to office on July 21, 1945. Sr. Martin Artajo played a prominent role in the conclusion of three agreements between the Governments of Spain and the United States signed on September 26, 1953.

During the 3 days he will be in Washington, the Foreign Minister will exchange views with the Secretary of State and other U.S. officials on current aspects of Spanish-U.S. relations and matters of mutual interest to both countries.

Public Committee on Personnel Completes Task

Press release 53 dated February 2

Secretary Dulles on February 2 made public the third audit report of his Public Committee on Personnel, headed by Dr. Henry M. Wriston, former President of Brown University, which met at the State Department December 12 and 13, 1955. This report marks the completion of the task of the Public Committee on Personnel which Secretary Dulles appointed in March 1954 for the purpose of "making recommendations to the Secretary of State concerning measures necessary to strengthen the effectiveness of the professional service."

In releasing the report, the Secretary noted the statement that the principles of reorganization have been established and that the machinery for

⁴ Bulletin of Nov. 14, 1955, p. 777, footnote 1.

¹The report (not printed here) was distributed as a departmental notice on Jan. 23.

implementation has been framed. He expressed his deep personal appreciation to the members of the committee for their outstanding contribution in counseling the Department on the personnel improvement program which was instituted in May 1954 on the basis of the committee's study and report. The Secretary also thanked them for their

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additional suggestions for strengthening the Foreign Service, pointing out that, in spite of the heavy demands placed on them by their normal responsibilities, they had once again found the time to bring the benefit of their wide experience in private and public life to the service of the Government.

Franklin's Role in Promoting International Understanding

by Theodore C. Streibert
Director of the U.S. Information Agency 1

It is a privilege to present to the Library of Congress the Franklin Commemorative Medal, authorized by the 84th Congress to mark the 250th anniversary of the man called the father of American libraries.

Similar medals are being presented, here and abroad, to various learned societies and academies of which Benjamin Franklin was a member, a sponsor, or the founder. Five societies in the United States and 16 overseas will be so honored. Fifty other enterprises, institutions, and societies with which Franklin was associated likewise will receive the medal. This particular presentation recognizes both Franklin's interest in public libraries and his service in the U.S. Congress.

The anniversary is being observed throughout the world, with some 40 nations already scheduled to participate. The exhibit opening here tonight is the work of both the Library and the local chapter of the American Institute of Graphic Arts. Both are our hosts.

The Franklin Commemorative Medal bears on the obverse a profile of Franklin, the wise and benign countenance familiar to all of us. The words inscribed on the reverse are those of Franklin himself: "Wise and good men are the strength of a nation." The full statement, you may remember, continues ". . . far more than riches or arms." Franklin, the revolutionist, was always a man of peace. Franklin, the successful businessman,

never overrated wealth. He underrated neither riches nor arms, but wisdom and goodness were the standards by which he judged both men and nations.

The artist, Mrs. Laura Gardin Frazer, has confessed that she found it impossible to cover in one design all of Franklin's manifold interests. She has come very near it, however, and, I think, with simplicity and grace.

In the design the predominant symbol is a key with "tongues of fire," in recognition of Franklin's great discoveries in electricity. The book, of course, is obvious. A weathervane recalls his work on meteorology, with the four points of the compass symbolizing his internationalism. The caduceus stands for his service to medicine. Two diminutive rosettes respectively show a wave—denoting his work in oceanography—and a sheaf of wheat—his contributions to agriculture. As the artist herself has pointed out, here are the elements—earth, air, fire, and water—and in each field Franklin has left an imperishable name.

The design, however, would be incomplete without some symbols of Franklin's Americanism, and here we have them, the eagle and the 13 stars of the 13 original States.

I think Mrs. Frazer can be congratulated upon the artistry and skill with which she executed her commission. The Franklin Commemorative Medal is the art of numismatics at its best.

The design covers only indirectly, by the book and compass points, the Franklin role in which I am particularly interested, the dissemination

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¹Address made at the Library of Congress, Washington, D.C., on Jan. 17. For an account of Franklin's diplomatic career, see BULLETIN of Jan. 9, 1956, p. 51.

overseas of information about the United States as the foundation of understanding our foreign policies and objectives.

I may be biased, but I see Franklin's contribution in this field as one of his greatest achievements, perhaps the greatest. His deep concern that the United States should be understood by other peoples is voiced in the Declaration of Independence, which he helped draft, revise, and edit. I recognize his thinking particularly in the phrase "a decent respect to the opinions of mankind." Franklin believed it only "decent" that the 13 colonies should clearly and truthfully set forth to the world the facts of their difficulties with the English Crown, the difficulties that had led to the fateful decision to seek independence. Therefore, the Declaration says, "let facts be submitted to a candid world." The authors of that document were willing to submit their case, backed by facts, to world opinion.

Earlier, Franklin spent some years abroad explaining the colonies' position. His arguments, indeed, led in 1766 to the repeal of the Stamp Act. During those years he appeared before the learned societies of several countries. His famous autobiography was begun. He visited France, to be honored by the French King and French men of letters.

It was only when he despaired of resolving peacefully the dispute between the English Crown and the colonies that he returned to America, leaving behind him a host of friends for his cause. It was then the Declaration was drafted. A man of peace, Franklin did not believe in peace at any price. Ranking in fame with his many condemnations of war is the statement, "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety."

The die was cast. Thereafter, Franklin worked heart and soul for military victory. But he always regretted the necessity of even that war. To Richard Price he wrote: "Your great comfort and mine in this war is, that we honestly and faithfully did every thing in our power to prevent it."

Explaining U.S. Policies

Franklin was not content to let the case of the colonies rest upon the Declaration alone. During the troubled years that followed, his voice and writings were devoted to explaining overseas the

policies and objectives of the new United States of America.

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At the time of the Declaration of Independence, Franklin was 70 years old. Most men of that time would have thought themselves too old to undertake so perilous a journey as crossing the Atlantic. But not Franklin. Five months later, Franklin arrived in France, and for the next 7 years his was the "Voice of America" overseas.

Franklin talked America. He wrote America. At his villa in Passy he set up a little printshop where his pamphlets were printed and from which they were distributed. That shop may be called the first United States overseas information post, and Franklin, the director of the first United States overseas information service.

Franklin had signed the Declaration in full realization of the consequences. He knew the Americans would have to fight for their independence.

But Franklin despised war. He believed war morally wrong, but he also believed war—all wars—stupid. "I think," he wrote upon one occasion, "that it [war] is wrong in point of prudence. . . . If statesmen had a little more arithmetic, or were more accustomed to calculation, wars would be less frequent." "There never was a good war, or a bad peace" is another oftenquoted Franklin statement.

There is something very modern in Franklin's contention that wars are a waste. "What vast additions to the conveniences and comforts of living might Mankind have acquired," he lamented, "if the money spent in wars had been employed in works of public utility!"

Franklin yearned to see a plan that would, as he wrote, "induce and oblige nations to settle their disputes without first cutting one another's throats. When will human reason," he continued, "be sufficiently improved to see the advantage of this! When will men be convinced, that even successful wars at length become misfortunes to those who unjustly commenced them, and who triumphed blindly in their success, not seeing all its consequences."

This was a new doctrine indeed for the 18th century, but Franklin was convinced that he was expressing the foreign policy of the new Nation. To a writer who had predicted the future military glory of the United States, he wrote in rebuke:

We have not the occasion you imagine of fleets or standing armies, but may leave those expensive machines

for the pomp of princes and the wealth of ancient states. We propose, if possible, to live in peace with all mankind.

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Franklin was eager that the peoples of other nations should understand the Nation, so newly born, and its people. He was convinced that men of good will everywhere would sympathize with these new doctrines, once they were understood. To that end he established correspondence with such men wherever he could contact them. His letters are among the treasures of American literature. Many are in the collection of the Library of Congress.

Franklin believed in free and open communication between the peoples of all countries. He was convinced, and repeatedly said, that man's greatest service to man was the free and thoughtful exchange of ideas and information. Knowledge he saw as universal. Practicing that philosophy, he eagerly shared his own scientific discoveries with men of science in every country.

Franklin was particularly interested in the practical application of this theory in the problem, even then great, of feeding the world's hungry millions. He saw this problem solved not by war or conquest but by agricultural progress and the exchange of agricultural information. United States, he felt, should not be backward in profiting by the experience of other nations. He himself introduced in the new country such European products as Scotch kale, kohlrabi, turnips, yellow willows, and other plants. From Asia, by way of Europe, he brought Chinese rhubarb, then chiefly used as a medicine. He introduced a number of nut-bearing trees, new varieties of apples, and several kinds of grasses. He experimented in fertilizers.

Franklin was a city man, but he rated agriculture "the most useful, the most independent, and therefore the noblest of employments." This at the end of a long life and a career that had included the several roles of printer, publisher, merchant, musician, scientist, soldier, statesman, and diplomat, touching on all manner of activities, both rural and urban.

If I should attempt, this evening, even to touch on all of Franklin's interests, I should find myself in the same difficulty that confronted Mrs. Frazer when she was considering the design for this medal. The temptation, of course, is strong. Practically all of Franklin's interests have some modern application, and, it seems to me, every

page of his story leads back to my own particular interest. Franklin's deep belief in international understanding as the basis of enduring peace, freedom, and progress is the philosophy of good men everywhere. One of the primary tasks of the U. S. Information Agency is to further international understanding by explaining the policies and objectives of the United States.

Observance of Anniversary

It is no exaggeration to say that more and more the world today is turning to the principles of Franklin in its search for a lasting peace. The world's eager response to this anniversary year is proof of this contention.

The U.S. Information Agency is, of course, cooperating extensively in publicizing the Franklin anniversary. Through all the communication techniques at our command—radio, television, films, pamphlets, libraries, exhibits—we are telling, throughout the world, the story of this great American.

Frankly, we view this year's commemoration of the birth of Franklin as a great opportunity. No better vehicle could be found to carry out our mission, stated by President Eisenhower in these words:²

... to submit evidence to peoples of other nations by means of communication techniques that the objectives and policies of the United States are in harmony with and will advance their legitimate aspirations for freedom, progress and peace.

Franklin believed that the principles of the Declaration of Independence were universal, that they voiced the aspirations of mankind.

The United States today shares that belief. The foreign policies and objectives of the United States today are rooted in those principles. We are convinced that understanding of those policies and objectives will serve to unite all men of good will in an effort to realize those aspirations.

There are those, I am sure, who will question my referring to Franklin as the director of a United States information service. They will remind me that he was, rather, a diplomat and that his efforts to create understanding and sympathy for the United States came within the purview of that position.

True enough, but the activity of the U.S. Information Agency has been called by no less an

^a Ibid., Nov. 30, 1953, p. 756.

authority than George Allen, Assistant Secretary of State, "a new kind of diplomacy." In the past, Secretary Allen points out, diplomats dealt only with the officials of other countries, and we expected nothing more. It was not thought necessary to explain a nation's policies and objectives to the people. Today we think differently. We recognize that widespread public understanding of our foreign policies is necessary to their

Other diplomats, and not only of this country, have expressed the same views. Ambassador after ambassador has assured me personally of the value they place on the Agency's activities. Franklin himself was a great pamphleteer, and invariably his pamphlets were addressed not only to the rulers of other countries but to the people. Franklin was honored not only in royal courts, but in the market places—the same market places to which the U.S. Information Agency now addresses its pamphlets, posters, leaflets, radio programs, TV shows, and the like. . . .

Today the principles for which Franklin fought are again under attack, and on a scale and with an intensity even he did not foresee. President Eisenhower has put it this way:

The central fact of today's life is the existence in the world of two great philosophies of Man and of Government. They are in contest for the friendship, loyalty, and the support of the world's people.

I do not need to identify for you these two great philosophies. I would not need identify them for Franklin himself. The truth is that communism, as practiced today, is little different from the totalitarian philosophy which Franklin fought throughout his lifetime. It wears a new dress. It uses new terminology. But today's struggle is the same old conflict between the many and the few, between freedom and slavery, between those who recognize the universality of freedom, progress, and peace and those to whom such aspirations are only obstacles to their own ambitions for power.

Franklin fought his battles with ideas. The U.S. Information Agency is using the same weapons-ideas.

Current Legislation on Foreign Policy: 84th Congress, 2d Session

Report on Audit of the Institute of Inter-American Affairs for the Fiscal Year Ended June 30, 1954. H. Doc. 278, November 28, 1955. 24 pp.

Increase the Fee for Executing an Application for a Passport. Report to accompany H. R. 5844. S. Rept. 1370, January 12, 1956. 3 pp.

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Relating to the Allowance of the Credits for Dividends Received, for Dividends Paid, and for a Western Hemisphere Trade Corporation in Computing the Alternative Tax of a Corporation with Respect to Its Capital Gains. Report to accompany H. R. 7282. S. Rept. 1378, January 12, 1956. 2 pp.

Foreign Service Retirement and Disability Fund. Message from the President transmitting a report by the Secrefrom the President transmitting a report by the Secte-tary of State, showing the condition of the Foreign Service Retirement and Disability Fund for the fiscal years ended June 30, 1954 and 1955, pursuant to section 862, Foreign Service Act of 1946 (Public Law 724, 79th Cong.). H. Doc. 295, January 12, 1956. 3 pp.

Convention Concerning Customs Facilities for Touring and Customs Convention on the Temporary Importation of Private Road Vehicles. S. Exec. A and B. January

of Private Road venicies. S. Exec. A and 2, value 12, 1956. 42 pp.
Convention on Inter-American Cultural Relations. S. Exec. C, January 12, 1956. 10 pp.
International Plant Protection Convention. S. Exec. D, January 12, 1956. 14 pp.
Treaty of Amity, Economic Relations, and Consular Rights with Iran. S. Exec. E. January 12, 1956. 13 pp.
Protect Relating to Certain Amendments to the Conven-

Protocol Relating to Certain Amendments to the Convention on International Civil Aviation. S. Exec. F, January 12, 1956. 4 pp.

Study of Immigration and Naturalization. Report to accompany S. Res. 172. S. Rept. 1384, January 16, 1956.

Investigation of European Refugees and Escapees. Report to accompany S. Res. 168. S. Rept. 1389, January 16, 1956. 2 pp.

Study of Administration of the Trading with the Enemy Act. Report to accompany S. Res. 171. S. Rept. 1391,

January 16, 1956. 3 pp.
Sugar Act Extension. Hearings before the Senate Committee on Finance on H. R. 7030, January 16 and 17, 1956. 398 pp.

Extending the Time for a Study of Matters Pertaining to the International Control and Reduction of Armaments. Report to accompany S. Res. 185. S. Rept. 1396, January 17, 1956. 1 p.

Control and Reduction of Armaments. Interim report of the Subcommittee on Disarmament of the Senate Committee on Foreign Relations pursuant to the Senate Committee on Foreign Relations pursuant to the provisions of S. Res. 93, 84th Congress, 1st Session. S. Rept. 1397, January 17, 1956. 3 pp.

Nomination of Samuel C. Waugh. Hearing before the Senate Committee on Banking and Currency on the nomination of Samuel C. Waugh to be President of the Export-Import Bank of Washington. January 20, 1956.

Foreign Operations Administration Grain Storage Elevators in Pakistan. Report of the Senate Committee on Government Operations made by its Permanent Subcommittee on Investigations, together with individual views of Mr. Bender. S. Rept. 1410, January 23, 1956.

The Role of the United States in International Economic Affairs

EXCERPTS FROM PRESIDENT EISENHOWER'S ECONOMIC REPORT

Following are two excerpts from the President's Economic Report: his recommendations for promoting the international flow of goods and capital and a summary of U.S. economic relations with foreign countries during 1955.

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PROMOTING THE INTERNATIONAL FLOW OF GOODS AND CAPITAL

The orderly growth of our economy exerts a strongly favorable influence throughout the world. In turn, economic developments abroad are of profound importance to us. Recent experience illustrates this interdependence. By 1953 the nations of the Free World had achieved sufficient economic strength to be able to absorb the adverse reactions from the mild contraction that got under way in the United States that year. Not only that, but they continued buying from us on a scale that helped to check our economic decline and to speed renewed expansion. In turn, the resumed rise of our imports toward the end of 1954, reinforced by a heavy outflow of private capital, helped to sustain economic expansion in other parts of the Free World and thereby stimulated further expansion in our own exports during the past year.

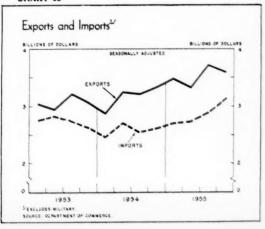
It is clear that our long-term interests are well served by expansion of the international flow of goods, capital, enterprise, and technology. Sound policies to promote these ends will powerfully advance our national security and economic welfare, and help to build a stronger and more unified community of free nations.

¹H. Doc. 280, 84th Cong., 2d sess.; transmitted Jan. 24. Copies of the report are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C.; price 70 cents.

Current restrictions on the flow of goods and capital hamper enterprise and limit the real income of consumers both here and abroad. Despite the progress in trade liberalization achieved in recent years, restrictions are still numerous and widespread. Reduction of these barriers requires both direct action on our part and cooperation with other nations. Our proper and necessary course was outlined in a special Message of March 1954, following the report of the Commission on Foreign Economic Policy. The Congress responded with important legislation in 1954 and 1955, but additional action is urgently needed.

The Trade Agreements Extension Act of 1955 has continued for another three years, with certain modifications, the authority initially granted in 1934 by the Reciprocal Trade Agreements Act. The 1955 Act grants new powers to the President to lower tariffs on a reciprocal and selective basis. Individual tariff rates may be reduced by 5 percent per year for three years, and rates that are in

CHART 35



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Purchase, acquisition, or payment	aver age	r-	quai 19		Fin		Seco		Th		Fou		Fin qua		Seco		Third quarter
Foreign purchases and acquisi- tion of assets in United States: United States exports of goods and services, ex- cluding military aid trans- fers.	4.	24	4	44	3	95	4	69	4	15	4	98	4	68	4	86	4. 7
Merchandise exports, ex-	3.	24	T.	11	0.	00	3.	00	4.	10	1.	90	7.	. 00	4.	30	3. 1
cluding military	(3.6	06)	(3.	18)	(2.	82)	(3.	48)	(2.	91)	(3.	50)	(3.	44)	(3.	54)	(3. 38
Foreign gold and dollar																	
assets acquired in transac- tions with United States		57		37		50		26		60		39		19		57	. 4
Errors and omissions		07	:			03		16		08		23		02		20	. (
Total	4.		4.	78		48		11		83	5.	14		89		63	5.
ayments from United States:		1															
Nonmilitary imports of goods and services	3. 4	40	9	27	9	13	9	54	9	37	9	24	9	44	9	69	3.
Merchandise imports, ex-	0	19	o.	21	0.	10	o.	94	0.	31	0.	24	0.	44	ο.	09	0.
cluding military	(2.	74)	(2.	60)	(2.	52)	(2.	75)	(2.	46)	(2.	58)	(2.	76)	(2.	80)	(2.8
Military expenditures abroad_	. (63	٠.	68		62		69		64	` .	65		65		76	
U. S. Government grants		- 1															
and private remittances, excluding direct military										- 1		- 1					
aid, net		61		59		54		49		52		61		73		63	
Private capital investment		-		00		01		1		-						00	
and U. S. Government																	
loans abroad, net		15		24		19		40		30		64		07		56	
Total	4. 8	38	4.	78	4.	48	5.	11	4.	83	5.	14	4.	89	5.	63	5.

Note.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

excess of 50 percent ad valorem may be reduced by annual stages to that level. Experience has shown that the "escape clause" and "peril point" provisions of the Act, which are designed to protect domestic industries against serious injury from duty reductions, are broadly consistent with our basic policy of trade liberalization. Experience has also shown that efforts to expand world trade are most effective when tariff reductions are negotiated on a reciprocal, multilateral basis. Under the authority of the Trade Agreements Act, selective reductions in tariffs on thousands of items have been made during the past twenty years, and they have helped materially to enlarge our exports as well as imports. The 1955 Act has paved the way for a new series of tariff negotiations, which opened at Geneva on January 18, 1956.2

The chief instrument through which the United

States has for eight years cooperated with other countries of the Free World in reducing trade barriers is the General Agreement on Tariffs and Trade (Gatt). Negotiations under the Gatt are more effective than bilateral negotiations. They have won for us tariff concessions on items accounting for about 50 percent of the value of our exports. Moreover, through consultations with other Gatt members, we have secured the abolition of discriminatory restrictions on our exports of such important items as coal, apples, cigarettes, lumber, potatoes, textiles, automobiles, tobacco, petroleum, wool, and motion pictures. Several European countries have removed all discriminatory restrictions against dollar trade.

To correct certain shortcomings in the working rules and administrative machinery of Gatt, which have been recognized for some time, the 34 Gatt members completed in March 1955 a revision of the basic Agreement and proposed an administrative agency—the Organization for Trade Cooperation (OTC). Membership in the OTC would

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³ For text of a statement made at Geneva by Deputy Under Secretary Prochnow, see Bulletin of Jan. 30, 1956, p. 184.

enlarge the advantages the United States already enjoys under the GATT. It would also give assurance to the rest of the Free World of our continuing interest in expanding the international flow of goods and capital. Early passage of legislation authorizing our membership in the Organization for Trade Cooperation is of high importance.3

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Customs regulations are capable of creating barriers to international trade, no less serious than the customs duties themselves. Delays and inconvenience arising from customs regulations have been reduced in the past two years, and the Treasury Department is continuing to review its procedures with a view to simplifying them. Congressional action, however, is needed to facilitate further progress. The basic purpose of the Customs Simplification Bill of 1955, which the House passed in the first session of the 84th Congress, is to diminish uncertainties and delays by simplifying the present system of customs valuation. Modifications of this bill have been suggested to avoid unintended reductions in individual duties that would result from the proposed change in valuation procedures. Early enactment of such a suitably revised bill will constitute a significant advance in our foreign economic policy.

The need for simplifying our tariff rate struc-

³ For text of the OTC agreement, see ibid., Apr. 4, 1955, p. 579; for a Presidential message on Orc, see ibid., Apr. 25, 1955, p. 678.

ture, which the Commission on Foreign Economic Policy had emphasized, was recognized by the Congress in the Customs Simplification Acts of 1953 and 1954. As directed by the latter Act, the Tariff Commission is studying present commodity classifications and rate structures. Legislation will be needed in due course to authorize revisions of our tariff classification schedules. In the meantime, other restraints on international commerce, those arising under the Buy-American Act of 1933, were modified by an Executive Order of December 1954,4 which has resulted in the removal of a great deal of uncertainty for foreign bidders who seek government contracts.

The field of foreign investment also offers opportunities to encourage economic activity and trade on a world scale. A larger outflow of American capital would benefit both ourselves and other economies. By helping to develop the resources of friendly countries, it would enlarge and diversify the supply of materials on which we can draw. At the same time, it would enable less developed countries to achieve higher rates of economic growth and to become more active partners in the trade of the Free World. To the greatest extent possible, the funds for foreign investment should come from private sources. When private

capital moves abroad, it is often accompanied by

Table B-23.—Agricultural exports under specified governmental programs, 1953-55 [Fiscal years, millions of dollars]

Program	1953	1954	1955
Exports: Total	2, 819	2, 936	3, 143
Special programs: Total	546	711	920
Grants ¹ Loans ² Foreign currency sales	436 96	448 113 116	381 69 345
Barter 3	14	34	125
Exports for "free" dollars: Total	2, 273 (4) (4) (4) (4) (4) (4)	2, 225 (4) (5) (5) (4)	2, 223 486 36 450 1, 737

¹ FOA regular and special program, Army civilian supply program, Department of Agriculture donations under Agricultural Act of 1949, section 416, and program under Public Law 480, title II.

² Loans by the Export-Import Bank and Department of Agriculture to Pakistan, Afghanistan, Spain and India.

^{&#}x27;Ibid., Jan. 10, 1955, p. 50.

Deliveries to contractors.

⁴ Not available.

Source: Department of Agriculture.

the export of technical, managerial, and financial skills. Such benefits cannot be realized as effectively through government loans.

It is highly desirable, as stressed in last year's Economic Report, that we "encourage investment in all countries whose desire to speed their economic development has led them to create a hospitable climate for business investment." The recommendations made in that Report, with respect to the taxation of corporate income from foreign sources, have not yet been acted on by the Congress. Legislation on these proposals, which can have a significant influence on foreign investment, is again requested. Also, the lending authority of the Export-Import Bank should be extended beyond June 30, 1958. This would enable the Bank-which has actively encouraged the outflow of private capital by its loan participation, credit guarantees, and loan supplements to private venture capital-to finance projects that call for advances over a period longer than two

The United States has recently taken steps to participate in the International Finance Corporation (Irc),⁵ which is to be affiliated with the International Bank for Reconstruction and Development. The Irc will begin operations as soon as at least 30 countries, out of the 44 member countries of the Bank that have indicated an intention to

join, have together subscribed 75 million dollars. The Irc will make loans to supplement venture capital going into productive private enterprises abroad, particularly in the less developed areas of the world, and it will also help to find experienced management where needed. The new institution is expected to expand investment abroad by its own lending and also by helping to create an investment climate in foreign countries that will be more attractive to their own citizens as well as those of other nations.

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The rate of economic progress is bound to play a vital role in the struggle between the principles of freedom and those of regimentation in the poorer and less developed areas of the Free World. Our economic development and technical cooperation programs for raising living standards in these areas are proving helpful and should be moderately expanded, with special emphasis on activities that encourage local private enterprise and the inflow of private capital from abroad. The Mutual Security Program, of which these economic programs are a part, must be continued. High though our expenditures on national security are, they would be vastly higher if we did not have strong allies.

The United States can take pride in the progress that has been achieved in cooperation with other countries in enlarging the mutually advantageous flow of goods, capital, technology, and enterprise within the Free World community. Continuance

5 Ibid., Jan. 9, 1956, p. 54.

Table B-24.—Distribution of nonmilitary merchandise exports (including reexports) and general imports, by areas, January-October, 1954 and 1955

[Millions of dol	lars]					
	Exp	orts	Imports			
Area	January- October 1954	January- October 1955	January- October 1954	January- October 1955		
Total	10, 455	11, 682	8, 429	9, 306		
Continental Western Europe	2, 142 542 2, 470 2, 764 768 580 1, 190	2, 690 764 2, 812 2, 683 905 518 1, 311	1, 222 408 1, 949 2, 740 854 227 1, 028	1, 399 505 2, 184 2, 722 998 346 1, 152		

¹ Excludes special category exports.

Note.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

of this trend will build an international environment that is increasingly favorable to the maintenance of peace and the extension of prosperity.

ECONOMIC RELATIONS WITH FOREIGN COUNTRIES

Economic and Financial Progress Abroad

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During 1955 economic expansion continued at an accelerated pace in the developed countries of the Free World. Industrial output rose to new peaks in most countries-that in Canada and Japan reaching new highs after mild recessions during 1954. The rapid rise in European output, which began early in 1953, has taken place without a substantial rise in consumer prices in most countries. Except in Italy, unemployment in most of Western Europe has been reduced to low levels and in some countries is virtually negligible. Moderate rates of growth have been achieved in many of the less developed countries in Latin America and Asia. Some, however, have failed to participate in the economic growth and prosperity of the industrial nations. This is particularly true of certain countries that are heavily dependent upon exports of agricultural commodities, the prices of which have declined over the past year.

The expansion of world production has been accompanied by a rise in the volume of international trade above the postwar record achieved in 1954 and by a strengthening of the financial positions of many countries. During 1955 gold and dollar holdings of foreign countries increased by an estimated 1.7 billion dollars, chiefly in Continental Western Europe (Table D-65). The gold and dollar holdings of international institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development, increased by about 200 million dol-The most adverse movement in the international financial picture was the decline in British gold and dollar reserves by about 640 million dollars. In the early part of the year, balance of payments difficulties arose in Scandinavia, and a number of the less developed countries also experienced difficulties during 1955. The international economic position of Western Europe as a whole remained strong; its exports in the first three quarters of 1955 were considerably above those in the corresponding period of 1954. There

was also a striking improvement in the foreign trade balance of Japan, which still meets a part of its foreign expenditures with dollars obtained from the sale of goods and services to United States military forces.

There has been a general relaxation of trade and exchange restrictions during 1954 and 1955, which has benefited exports from the United In January 1955, the members of the Organization for European Economic Cooperation raised from 75 percent to 90 percent their target for the liberalization of intra-European trade from quota restrictions. Eleven members have already achieved the new goal, and four others have achieved or exceeded the 75 percent goal. In addition, over half of the private dollar imports of the OEEC countries have been freed from quota and licensing restrictions, compared with less than one-third at the beginning of 1954. In the same vein, there has been a notable relaxation in the administration of the remaining quantitative restrictions against exports from the dollar area. Several European countries, including Belgium-Luxembourg, the Netherlands, Greece, and Switzerland, now have virtually no import restrictions discriminatory against United States commodities, and free international commodity markets for a number of commodities have been restored in Britain and the Netherlands. improved financial position abroad has also promoted an expansion of long-term private international investment during the past two years.

World Commodity Developments

The industrial boom in Western Europe, together with our stockpile purchases, tended to offset the slackening of United States industrial demand for nonagricultural materials in the first three quarters of 1954. Since that time, the continued economic expansion in Europe and the resurgence of industrial activity in this country have led to sharp advances in world prices of industrial raw materials, particularly scrap metals, copper, zinc, and rubber. Europe's accelerated industrial growth has also raised the demand for coal and steel well beyond European production. Consequently, a strong element in the expansion of our exports between the third quarter of 1954 and the first quarter of 1955 was the rise in sales of coal, steel scrap, and steel, and these exports have continued to be large. High rates of indus-

Table D-60.—United States balance of payments, 1953-55, excluding transfers under military grant programs
[Millions of dollars]

Item	1953	1954	First 3 o	luarters
rom	1000	1331	1954	1955
Exports of goods and services: Total	16, 964	17, 764	12, 788	14, 29
Merchandise, adjusted, excluding military	12, 245	12, 707	9, 206	10, 35
Transportation.	1, 231	1, 222	908	96
Travel	527	538	418	46
Miscellaneous services	903	952	669	68
Military transactions	192	179	141	15
	1, 398	1, 665	1 105	1 90
Other private	216	229	$\frac{1,125}{167}$	1, 32 18
Government	252	272	154	15
Government.	202	212	104	10
Imports of goods and services: Total	16, 467	15, 872	11, 978	13, 052
Merchandise, adjusted, excluding military	10, 954	10, 304	7, 729	8, 374
Transportation	1, 059	1,001	763	865
Travel	895	958	790	888
Miscellaneous services, excluding military	597	595	447	478
Military expenditures	2, 512	2, 595	1, 944	2, 089
Private	364	360	262	308
Government	86	59	43	63
Balance on goods and services, excluding military transfers.	497	1, 892	810	1, 240
Unilateral transfers, excluding military: Total	-2,449	−2 , 158	-1, 549	-1,864
Private remittancesGovernment	$\begin{bmatrix} -477 \\ -1,972 \end{bmatrix}$	-452 1 706	-327	-326
	,	-1, 706	-1, 222	-1 , 538
Inited States capital, net: Total	-587	-1,528	-888	-926
Private, net: Total	-369	-1,621	-989	-635
Direct investments, net	-721	-761	-536	-572
New issues	-270	-309	-277	-90
Redemptions	139	124	108	182
Other long-term, netShort-term, net	316 167	$ \begin{array}{r r} -40 \\ -635 \end{array} $	-348	$-143 \\ -12$
Government, net: Total	-218	93	101	-291
Long-term capital, outflow	-716	-306	-180	-271
Repayments	487	507	377	255
Short-term, net	11	-108	-96	-275
oreign capital, net	1, 105	1, 459	1, 135	1, 184
old sales	1, 161	298	228	48
oreign capital and gold	2, 266	1, 757	1, 363	1, 232
rrors and omissions	273	37	264	318

Note.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

trial activity here and abroad have raised prices of industrial materials and semifinished goods. On the other hand, prices of coffee and cocoa dropped sharply in late 1954 and the first half of 1955, and world prices for agricultural commodities, partly because of the huge supplies in the United States, were generally weak during the

past year. Moreover, increased freedom of trade and advances in productivity have helped to hold down prices of manufactured products.

World agricultural production outside the United States exceeded the high levels of 1954 in such important commodities as wheat, rice, cotton, tobacco, peanuts, and soybeans. Foreign wheat

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production in 1955 is estimated at some 400 million bushels higher than in 1954, and stocks of wheat are at record levels in the principal exporting countries. Foreign production of cotton increased by about 1.2 million bales in 1955, and foreign countries as a group are producing within 2 million bales of the quantity which they have been consuming. These developments partially explain the shrinkage of our cotton exports from 5.5 million bales for the 1951 crop year to about half as much in the current crop year.

Favorable growing weather in many parts of the world contributed to expanded production during 1955. However, of particular significance has been the trend toward higher production arising from technological progress and numerous government-sponsored programs to increase farm output. In the years immediately following World War II, output remained low in many areas because the disruptions caused by the war could not be quickly overcome. By 1955 the results of intensive efforts to enlarge agricultural yields and output were clearly evident.

Total Exports and Imports

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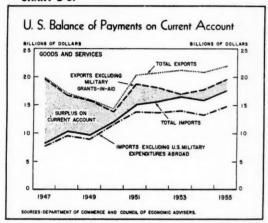
In the twelve months ended September 30, 1955, our exports of goods and services, excluding military aid transfers, totaled 19.3 billion dollars—2 billion above such exports in the corresponding period ended September 30, 1954 and 2.3 billion above those in the calendar year 1953 (Table B-22). These exports constituted about 5 percent of our gross national product, compared with about 4 percent for nonfarm residential construction and 6 percent for the output of producer durable goods, two significant determinants of business activity. Military aid transfers declined from 4.3 billion dollars in 1953 and 3.1 billion in 1954 to 2.3 billion for the twelve months ended September 30, 1955.

The relatively high level of exports in 1954 occurred in the face of a moderate decline in nonmilitary imports of goods and services. This was made possible in considerable measure by a heavy outflow of private capital and increased military expenditures abroad, which helped to provide the dollars to support the expanding foreign demand for our goods. In fact, total payments to foreigners arising from nonmilitary imports of goods and services, military expenditures abroad, foreign investments, and nonmilitary grants, were

slightly higher in 1954 than in 1953, and were significantly higher in the first three quarters of 1955 than in the corresponding periods of 1953 and 1954 (Table B-22).

During the first three quarters of 1955, nonmilitary imports of goods and services rose to an

CHART B-14



average quarterly rate of 3.7 billion dollars, compared with 3.3 billion in the corresponding period in 1954 and 3.5 billion in the calendar year 1953. Nonmilitary commodity imports rose steadily after the third quarter of 1954, and in the third quarter of 1955 were 14 percent above such imports in the third quarter of 1954. The rise in foreign trayel and the increase in transportation and other service expenditures helped to push total nonmilitary imports of goods and services during the year ended September 30, 1955 to the highest level in our history.

Total payments to foreign countries on account of imports of goods and services, foreign investments, and grants to foreign countries (exclusive of military aid shipments) reached 21 billion dollars during the year ended September 30, 1955 (Table B-22). This amount exceeded foreign purchases of United States goods and services during the same period. Foreigners therefore accumulated 1.6 billion dollars in gold and dollar assets in their transactions with the United States, only a little less than in the corresponding period ended September 30, 1954. This level of foreign accumulation was maintained in spite of an increase of over a billion dollars in the United States current account surplus (excluding military exports and imports), as our military expend-

Table D-64.—United States merchandise exports and imports for consumption, by leading commodities, 1936-38 average and 1950-55

[Millions of dollars]

G	1936-38	1070	1051	1070	1070	1054		ary- ober
Commodity ¹	average	1950	1951	1952	1953	1954	1954	1955
Exports of United States merchandise: Total	2, 925	10, 142	14, 879	15, 049	15, 652	14, 966	12, 422	12, 67
Nonmilitary exports: Total 2		9, 860	13, 814	13, 052	12, 141	12, 711	10, 350	11, 57
Agricultural commodities Nonagricultural commodities ²		2, 873 6, 987	4, 040 9, 774	3, 431 9, 620	2, 847 9, 293	3, 050 9, 662	2, 377 7, 973	2, 586 8, 989
Exports, excluding "special category" commodities: Total 3		9, 479	13, 310	12, 435	11, 525	12, 112	9, 852	11, 03,
Agricultural commodities: Total	778	2, 873	4, 040	3, 431	2, 847	3, 050	2, 377	2, 586
Raw cotton, excluding linters	5 143 62 54	1, 017 158 251 489 350 608	1, 138 253 326 997 494 832	862 158 246 942 541 682	517 173 341 589 470 757	780 305 304 425 322 914	612 207 237 335 273 713	413 226 281 414 372 886
Nonagricultural commodities, excluding "special category": Total 5	2, 147	6, 606	9, 270	9, 004	8, 677	9, 062	7, 475	8, 449
Machinery ⁵	292 129 87	1, 907 717 711 517 393 381 269 124 1, 587	2, 451 1, 182 981 819 514 585 585 161 1, 992	2, 678 987 801 660 621 572 494 219 1, 972	2, 747 963 800 640 495 498 335 176 2, 023	2, 732 1, 036 983 622 515 431 304 305 2, 134	2, 143 855 813 513 416 359 246 255 1, 875	2, 288 1, 017 887 513 656 371 393 263 2, 061
Imports for consumption: Total		8, 743	10, 817	10, 747	10, 779	10, 235	8, 471	9, 279
Agricultural commodities: Total Coffee Cane sugar Cocoa or cacao beans Other foodstuffs Crude rubber Wool, unmanufactured Other agricultural commodities	141 152 35 323 179 57	3, 987 1, 092 381 167 751 458 428 710	1, 362 387 197 888 808 714 823	1, 376 416 178 890 619 382 658	1, 469 425 167 908 332 296 588	1, 486 410 252 826 262 223 513	3, 323 1, 205 387 203 686 214 191 437	3, 297 1, 095 367 158 661 356 224 436
Nonagricultural commodities: Total	1, 201	4, 756	5, 638	6, 228	6, 594	6, 263	5, 149	5, 982
Nonferrous metals and ferroalloys Petroleum and products Paper and paper-base stocks Textile manufactures Machinery and vehicles Sawmill products Chemicals and related products Fish, including shellfish Iron and steel-mill products, including scrap Other nonagricultural commodities	178 42 221 174 21 18 87 31 19 410	967 592 747 451 158 265 170 157 131 1, 118	963 601 960 539 243 229 301 157 343 1,302	1, 563 692 928 513 354 222 244 181 213 1, 318	1, 662 762 937 464 353 236 293 194 256 1, 437	1, 389 828 926 440 359 252 249 210 121 1, 489	1, 175 666 761 352 302 204 211 178 99 1, 201	1, 234 825 806 478 361 277 212 174 119 1, 496

¹ Commodity data for 1936-38 and 1950-54 have been adjusted to conform as nearly as possible to 1955 statistical classifications. The distribution of nonagricultural exports by principal commodities, however, is based on total exports for 1936-38 and on exports excluding "special category" items thereafter. (See note 3.)

² Data represent total exports minus shipments of military equipment and supplies by the Department of Defense under the Mutual Security Program. Commodity breakdowns of nonmilitary exports are not available.

² "Special category" commodities are those to which security restrictions apply as regards publication of detailed export statistics.

⁴ Data exclude essential oils.

⁵ Data for 1950 and later periods exclude "special category" exports.

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Source: Department of Commerce.

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Note. - Detail will not necessarily add to totals because of rounding.

itures abroad, nonmilitary grants, and foreign investments rose.

Merchandise Trade

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During the first three quarters of 1954, non-military merchandise exports were maintained at approximately the same high levels as in 1953. In the fourth quarter of 1954, exports rose sharply in response to the accelerated expansion in world demand, especially in Western Europe and the sterling area. This rise in exports gave an additional stimulus to our business expansion in the fall and winter of 1954–55, and the high level of world demand during 1954 helped to sustain the prices of internationally traded commodities. Exports continued to rise during 1955. In the year ended September 30, 1955 exports reached 13.9 billion dollars, the largest total since the year 1951 (Table B-22).

During the first ten months of 1955, nonmilitary merchandise exports from this country were about 12 percent higher than in the corresponding months of 1954 and about 16 percent above the corresponding period of 1953. The rise in agricultural exports over 1954 was 8.8 percent: exports of wheat, coarse grains, tobacco, meats, and dairy products rose, while exports of cotton and rice fell (Table D-64). On a fiscal-year basis, agricultural exports increased from 2.9 billion dollars in 1953-54 to 3.1 billion in 1954-55. In 1954-55 agricultural exports under special pro-

grams including grants, loans, sales for foreign currencies, and barter represented nearly 30 percent of the total, and an additional 15 percent were subsidized (Table B-23).

The principal increases in nonagricultural exports were in steel products, motor vehicles and parts, chemicals, coal, and paper. The rise in exports of steel, steel scrap, and coal represented about 40 percent of the total increase in nonagricultural exports from the first ten months of 1954 to the first ten months of 1955. Total export sales to Canada, Western Europe, and the sterling area increased, while those to Latin America and Japan declined (Table B-24).

Commodity imports during the first ten months of 1955 were nearly 10 percent above the corresponding period of 1954, and 2.6 percent above the corresponding period in 1953 (Table D-64). Economic expansion in this country in 1955 led to increased imports of raw materials, including rubber, lumber, iron ore, and petroleum, but imports of some industrial raw materials were held down by supply shortages abroad. Imports of agricultural commodities declined in value largely as a result of the fall in prices of coffee and cocoa, and lower demand induced by expectations of further price declines. A significant development was the increase in imports of finished manufactures—a 17 percent rise in the first ten months of 1955 over the corresponding period in 1954. The

Table D-65.—Estimated gold reserves and dollar holdings of foreign countries, 1928, 1937, and 1947-55 [End of year, billions of dollars]

Area	1928	1937	1947	1948	1949	1950	1951	1952	1953	1954	1955		
All foreign countries	8. 8	15. 1	15. 2	15. 0	15. 4	19. 1	19. 2	20. 5	23. 1	25. 0	26. 7		
Sterling area: Total	1. 4	4. 9	3. 7	2. 9	2. 7	4. 5	3. 8	3. 3	4. 1	4. 2	3. 7		
United Kingdom	1. 1	4. 4	2. 3	2. 2	1. 9	3. 6	2. 8	2. 3	3. 0	3. 2	2. 6		
Continental OEEC countries and de-													
pendencies	4. 3	6. 8	5. 3	5. 6	6. 0	6. 6	6. 9	8. 1	9. 8	11. 4	13. (
Other Europe	. 8	1. 0	. 8	. 7	. 6	. 6		. 6	. 5	. 6	. 1		
Canada	. 4	. 4	. 7	1. 2	1. 4	2.0	2. 2	2. 5	2. 4	2. 6	2. 6		
Latin American Republics	1. 1	1. 0	2. 9	2. 7	3. 1	3. 5	3. 4	3. 4	3. 6	3. 7	3. 8		
All other countries	. 8	1. 0	1.8	1. 9	1. 6	1. 9	2. 4	2. 6	2.7	2. 5	2. 9		

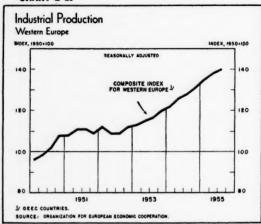
¹ Preliminary.

Source: Board of Governors of the Federal Reserve System.

Note.—Includes gold reserves and dollar holdings of all foreign countries with the exception of U.S.S.R. gold reserves. Holdings of the Bank for International Settlements (both for its own and EPU accounts) and of the Tripartite Commission for Restitution of Monetary Gold are included with the holdings of Continental OEEC countries and dependencies. Figures represent (1) reported and estimated gold reserves of central banks and governments, and (2) official and private dollar holdings reported by banks in the United States, including foreign-held deposits, U.S. Government securities maturing within 20 months after date of purchase, and certain other short-term liabilities to foreigners. Year-end estimates for all years except 1928; the 1928 figures are estimated on the basis of gold reserves at the end of that year plus dollar holdings reported by certain New York City banks as of May 31, 1929.

increased demand and rising prices for raw materials resulted in higher imports from Canada and South East Asia, while Western Europe and

CHART B-15



Japan shared in our growing markets for manufactures. Reduced values of imports of coffee and other agricultural commodities were responsible for the lower purchases from Latin America, especially from Brazil and Colombia.

Capital Movements and Government Loans

The value of United States private investments abroad has risen steadily throughout the postwar period; at the end of 1954 it was 26.6 billion dollars, including long-term investments of 24.4 billion. The outflow of American private capital in 1954 was greater than in the previous year, mainly because of a sharp increase in short-term lending abroad. Direct investments slightly exceeded the 1953 level, and the net movement of portfolio capital changed from an inflow of 185 million dollars in 1953 to an outflow of 225 million in 1954. In 1955, large redemptions and repayments and a smaller volume of Canadian and International Bank borrowings reduced the net outflow of long-term portfolio capital to 51 million dollars in the first three quarters of the year; direct investments were somewhat higher than in the corresponding period of 1954 (Table D-60).

There has been a modest revival during the last two years of American private investment in foreign equity securities outside of Canada. During 1954 and the first three quarters of 1955, net purchases of outstanding equity securities of foreign corporations totaled 278 million dollars, about two-thirds of which represented British and Continental European securities. Medium- and long-term bank loans abroad totaled 282 million dollars during the same period; a large part of these were made to Latin America and some of them represented a conversion of short-term loans made in 1954.

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Outstanding foreign loans of the United States Government declined by 100 million dollars, to 15.6 billion dollars, in 1954, reflecting repayments in excess of new credits. Repayments, which have been running at about a half billion dollars annually in recent years, are in large part to reduce government loans made during the early postwar years. Total net capital outflow on government account in the first three quarters of 1955 was 291 million dollars, of which 275 million was short-term (Table D-60).

Earnings on our foreign investments amounted to 2.4 billion dollars for the twelve-month period ended September 30, 1955 (excluding reinvested earnings of foreign subsidiaries). This is a major item in our receipts from foreign countries. Over 200 million dollars of these receipts represent interest payments on government loans abroad. The bulk of the earnings comes from direct private foreign investments.

Tariff Negotiations With Federation of Rhodesia and Nyasaland

Press release 54 dated February 2

The Department of State announced on February 2 that the Federation of Rhodesia and Nyasaland will negotiate new tariff concessions with the United States to compensate for changes in certain concessions which had previously been granted by Southern Rhodesia to the United States.

The Government of Southern Rhodesia granted these previous concessions to the United States and other participating countries in the General Agreement on Tariffs and Trade between 1947 and 1951. In the course of the formation of a federation by Southern Rhodesia, Northern Rhodesia, and Nyasaland and the establishment of a new

federal tariff, the rates of duty on five of the negotiated tariff items were altered.

These five items are:

Southern Rhodesia Tariff Item No.

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ex 130 (a) Motor trucks, vans, and trailers

ex 130 (b) Tractor parts

199 Lubricating oils

295 (e) Paper, wrapping

299 Reads

(Note: "ex" means excerpt from tariff item indicated.)

The Government of the Federation of Rhodesia and Nyasaland has offered under article XXVIII of the General Agreement on Tariffs and Trade to renegotiate.

Under article XXVIII, a country wishing to withdraw or modify a concession must try toreach some basis of agreement with other interested contracting parties concerning such withdrawal or modification. The usual basis for agreement is the granting of new concessions as compensation for the withdrawn concession.

Interested persons are invited to submit their views with regard to the possible effect on United States trade of possible modification or withdrawals of the concessions on the five items listed. In addition views are also desired regarding imports into the Federation of Rhodesia and Nyasaland from the United States on which the United States might request new or further tariff concessions as compensation to the United States for any modifications or withdrawals of concessions on the listed items.

Views on the foregoing matters should be submitted to the Committee for Reciprocity Information, which is the interdepartmental committee established to receive views on trade-agreement matters. It is requested that any such views be submitted by the close of business on March 3,

All communications on these matters, in 15 copies, should be addressed to: The Secretary, Committee for Reciprocity Information, Tariff Commission Building, Washington 25, D. C. If any interested party considers that his views cannot be adequately expressed to the committee in a written brief, he should make this known to the Secretary of the committee, who will then arrange for oral presentation before the committee.

Earlier announcements have been issued on the intention of Cuba, India, the Netherlands, Nicaragua, Pakistan, Sweden, Austria, France, Finland, and the Dominican Republic to renegotiate certain of their concessions with the United States. Some of these negotiations have been completed (see Department of State publications 5881, 6001, and 6201).

Current Treaty Actions

MULTILATERAL

Copyright

Universal copyright convention. Done at Geneva Septem-Entered into force September 16, 1955. TIAS 3324.

Notification regarding withdrawal of accession re-ceived: Philippines, November 16, 1955. Ratification deposited: Japan, January 28, 1956.

Protocol 1 concerning application of the convention to the works of stateless persons and refugees. Done at Geneva September 6, 1952. Entered into force September 16, 1955. TIAS 3324.

Ratifications deposited: Switzerland, December 30, 1955; 2 Japan, January 28, 1956.

Protocol 2 concerning application of the convention to the works of certain international organizations. Done at Geneva September 6, 1952. Entered into force September 16, 1955. TIAS 3324

Ratifications deposited: Switzerland, December 30, 1955; 2 Japan, January 28, 1956.

Protocol 3 concerning the effective date of instruments of ratification or acceptance of or accession to the convention. Done at Geneva September 6, 1952. Entered into force August 19, 1954. TIAS 3324. Ratification deposited: Japan, January 28, 1956.

Safety at Sea

Regulations for preventing collisions at sea. Done at London June 10, 1948. Entered into force January 1, 1954. TIAS 2899.

Acceptance deposited: Czechoslovakia, November 9, 1955.

Slave Trade

Procotol amending the slavery convention signed at Geneva September 25, 1926 (46 Stat. 2183), and annex. Done at New York December 7, 1953. Protocol entered

(Continued on page 270)

For ratification of the Universal Copyright Convention by Switzerland, see Bulletin of Jan. 23, 1956, p. 141.

¹The instrument of accession was deposited by the Philippine Government Aug. 19, 1955. In a communication received by the State Department Jan. 17, 1956, UNESCO stated that by a note dated Nov. 14, 1955, the Philippine Government informed the Director General that "the President of the . . . Philippines has directed the withdrawal of the . . . accession . . versal Copyright Convention prior to the date of November 19, 1955, at which time the Convention would become The Director General notieffective" for the Philippines. fied the Philippine Government that he "proposed to submit their communication to the States concerned, upon whom it is incumbent to declare what legal inference they intend to draw from it."

Conclusion of Air Transport Agreement With India

Press release 52 dated February 2

DEPARTMENT ANNOUNCEMENT

The Government of India and the Government of the United States on February 3 signed an air transport agreement governing the operation of air services between the two countries. Jagjivan Ram, Minister of Communications, signed for the Government of India, and Livingston L. Satterthwaite, Special U.S. Representative, for the United States. In addition, the Government of India and the Embassy of the United States entered into an exchange of notes noting the unique nature of air transport between the United States and India and setting forth certain procedures which would guide them in interpreting and carrying out the agreement.

The agreement, together with the exchange of notes, replaces the Air Transport Agreement signed November 14, 1946,¹ which expired on January 15, 1955.² U.S. air services to India since the expiration of that agreement have been carried on under a temporary permit issued by the Government of India.

The Government of India and the Government of the United States recognized that in many respects their philosophies differ as to the methods through which to achieve the orderly development of air transportation but were agreed that air transportation between the two countries would continue the rapid growth of the last few years. Accordingly the two Governments contemplate consultations in order to insure that the arrangements entered into remain adequate, not only to deal with any situation which might arise but also to provide the necessary viability to insure a permanent foundation upon which their respective air transport systems would prosper. Both dele-

gations were gratified with the progress which had been made in developing the new agreement and the exchange of notes, and were confident that both nations would benefit from the successful aviation relationships which would ensue. ch

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TEXT OF AGREEMENT

Air Transport Agreement Between the Government of India and the Government of the United States of America

The Government of India and the Government of the United States of America, hereinafter described as the contracting parties, being parties to the Convention on International Civil Aviation opened for signature at Chicago on December 7, 1944, and desiring to establish the reciprocal operation of air transport services between their two countries as contemplated by the Convention have accordingly appointed plenipotentiaries who, being duly authorized, have agreed as follows:

ARTICLE 1

For the purpose of the present Agreement:

- (A) The term "aeronautical authorities" shall mean in the case of India, the Director General of Civil Aviation and any person or agency authorized to perform the functions exercised at present by the said Director General of Civil Aviation and, in the case of the United States of America, the Civil Aeronautics Board and any person or agency authorized to perform the functions exercised at the present time by the Civil Aeronautics Board.
- (B) The term "designated airline" shall mean an airline that one contracting party has notified the other contracting party, in writing, to be the airline which will operate a specific route or routes listed in the Schedule of this Agreement.
- (C) The term "territory" in relation to a State shall mean the land areas and territorial waters adjacent thereto under the sovereignty, suzerainty, protection, or trusteeship of that State.
- (D) The term "air service" shall mean any scheduled air service performed by aircraft for the public transport of passengers, mail or cargo.
- (E) The term "international air service" shall mean an air service which passes through the air space over the territory of more than one State.

¹ For a summary of the 1946 agreement, see Bulletin of Nov. 24, 1946, p. 966.

² Ibid., Jan. 24, 1955, p. 157.

(F) The term "stop for non-traffic purposes" shall mean a landing for any purpose other than taking on or discharging passengers, cargo or mail.

ARTICLE 2

Each contracting party grants to the other contracting party rights necessary for the conduct of air services by the designated airlines, as follows: the rights of transit, of stops for non-traffic purposes, and of commercial entry and departure for international traffic in passengers, cargo, and mail at the points in its territory named on each of the routes specified in the appropriate paragraph of the Schedule annexed to the present Agreement.

ARTICLE 3

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Air service on a specified route may be inaugurated by an airline or airlines of one contracting party at any time after that contracting party has designated such airline or airlines for that route and the other contracting party has given the appropriate operating permission. Such other party shall, subject to Article 4, be bound to give this permission provided that the designated airline or airlines may be required to qualify before the competent aeronautical authorities of that party, under the laws and regulations normally applied by these authorities, before being permitted to engage in the operations contemplated by the Agreement.

ARTICLE 4

Each contracting party reserves the right to withhold or revoke the operating permission provided for in Article 3 of this Agreement from an airline designated by the other contracting party in the event that it is not satisfied that substantial ownership and effective control of such airline are vested in nationals of the other contracting party, or in case of failure by such airline to comply with the laws and regulations referred to in Articles 11 and 13 of the Convention on International Civil Aviation, or in case of the failure of the airline or the government designating it otherwise to perform its obligations hereunder, or to fulfill the conditions under which the rights are granted in accordance with this Agreement.

ARTICLE 5

In order to prevent discriminatory practices and to assure equality of treatment, both contracting parties agree that:

- (a) Each of the contracting parties may impose or permit to be imposed just and reasonable charges for the use of public airports and other facilities under its control. Each of the contracting parties agrees, however, that these charges shall not be higher than would be paid for the use of such airports and facilities by its national aircraft engaged in similar international services.
- (b) In respect of customs duties, inspection fees and similar charges on supplies of fuel, lubricating oils, spare parts, regular equipment and aircraft stores introduced into or taken on board aircraft of the designated airlines of one contracting party in the territory of the other contracting party and intended solely for use by or in such aircraft and remaining on board on departure from the

Ambassador Cooper Expresses Gratification

Press release 55 dated February 2

Ambassador John Sherman Cooper today expressed his gratification at the conclusion of the air agreement between the United States and India. The Ambassador is impressed by the earnest good will evidenced by both sides toward reaching an agreement in this important field. Ambassador Cooper believes that the agreement is another evidence of our basic ties of friendship with India and ability to work together by composing differences without sacrifice of principle.

last airport of call in that territory the designated airlines of the first contracting party shall be accorded treatment not less favorable than that granted by the second contracting party to the airlines of the most favored nation or to its national airlines engaged in international air services: Provided that neither contracting party shall be obliged to grant to the designated airlines of the other contracting party, exemption or remission of customs duty, inspection fees or similar charges unless such other contracting party grants exemption or remission of such charges to the designated airlines of the first contracting party.

ARTICLE 6

There shall be a fair and equal opportunity for the airlines of each contracting party to operate on any route covered by this Agreement.

ARTICLE 7

In the operation by the airlines of either contracting party of the international services described in this Agreement, the interest of the airlines of the other contracting party shall be taken into consideration so as not to affect unduly the services which the latter provides on all or part of the same routes.

ARTICLE 8

The air services made available to the public by the airlines operating under this Agreement shall bear a close relationship to the requirements of the public for such services.

It is the understanding of both contracting parties that services provided by a designated airline under the present Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the countries of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be applied in accordance with the general principles of orderly development to which both contracting parties subscribe and shall be subject to the general principle that capacity should be related:

(a) to traffic requirements between the country of

origin and the countries of ultimate destination of the traffic:

- (b) to the requirements of through airline operation;and.
- (c) to the traffic requirements of the area through which the airline passes after taking account of local and regional services.

ARTICLE 9

In a spirit of close collaboration, the contracting parties will, in accordance with Article 12, consult from time to time, or at the request of one of the parties, to determine the extent to which the provisions of this Agreement, particularly Articles 6, 7, and 8, are promoting the orderly and economic development of air transportation by the designated airlines of the two contracting parties. The procedures which may be agreed to from time to time by the contracting parties and which may be expressed in an exchange of diplomatic notes or otherwise shall govern the operation of the provisions of the Agreement.

ARTICLE 10

- (A) The designated airline or airlines of each contracting party shall supply to the aeronautical authorities of the other contracting party, at least thirty days in advance, copies of time tables, including any modification thereof, and all other similar relevant information concerning the operation of their air services under this Agreement.
- (B) Each contracting party shall, upon request, cause to be provided to the other contracting party such statistical reports relating to the traffic carried by its designated airline or airlines to, from and over the territory of the other contracting party as may reasonably be required from time to time to carry out in an orderly manner the purposes of this Agreement.

ARTICLE 11

Rates to be charged by the airline or airlines of either contracting party for transportation from the territory of one contracting party to a point or points in the territory of the other contracting party referred to in the annexed Schedule shall be reasonable, due regard being paid to all relevant factors, such as cost of operation, reasonable profit, and the rates charged by any other carriers, as well as the characteristics of each service, and shall be determined in accordance with the following paragraphs:

- (A) The rates to be charged by the airlines of either contracting party between points in the territory of the United States and points in the territory of India referred to in the annexed Schedule, shall, consistent with the provisions of the present Agreement, be subject to the approval of the contracting parties, who shall act in accordance with their obligations under this Agreement, within the limits of their legal powers.
- (B) Any rate proposed by an airline of either contracting party shall be filed with both contracting parties at least thirty (30) days before the proposed date of introduction; provided that this period of thirty (30) days may be reduced in particular cases if so agreed by the contracting parties.

(C) During any period for which the Civil Aeronautics Board of the United States has approved the traffic conference procedures of the International Air Transport Association (hereinafter called IATA), any rate agreements concluded through these procedures and involving United States airlines will be subject to approval of the Board. Rate agreements concluded through this machinery may also be required to be subject to the approval of the Government of India pursuant to the principles enunciated above.

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- (D) The contracting parties agree that the procedure described in paragraphs (E), (F), and (G) of this Article shall apply:
- 1. If, during the period of the approval by both contracting parties of the IATA traffic conference procedure, either, any specific rate agreement is not approved within a reasonable time by either contracting party, or, a conference of IATA is unable to agree on a rate, or
- 2. At any time no IATA procedure is applicable, or
- 3. If either contracting party at any time withdraws or fails to renew its approval of that part of the IATA traffic conference procedure relevant to this Article.
- (E) In the event that power is conferred by law upon the aeronautical authorities of the United States to fix fair and economic rates for the transport of persons and property by air on international services, the contracting parties will consult in accordance with Article 14 for the purpose of amending this Article to provide for the handling of rate matters under such circumstances.
- (F) Prior to the time when such power may be conferred upon the aeronautical authorities of the United States, if one of the contracting parties is dissatisfied with any rate proposed by the airline or airlines of either contracting party to a point or points in the territory of the other contracting party, it shall so notify the other prior to the expiry of the first fifteen (15) of the thirty (30) day period referred to in paragraph (B) above, and the contracting parties shall endeavor to reach agreement on the appropriate rate.

In the event that such agreement is reached, each contracting party will use its best efforts to cause such agreed rate to be put into effect by its airline or airlines.

It is recognized that if no such agreement can be reached prior to the expiry of such thirty (30) days, the contracting party raising the objection to the rate may take such steps as it may consider necessary to keep the existing rate in effect and to prevent the inauguration or continuation of the service in question at the rate complained of.

(G) When in any case under paragraphs (E) or (F) of this Article the two contracting parties cannot agree within a reasonable time upon the appropriate rate after consultation initiated by the complaint of one contracting party concerning the proposed rate or an existing rate of the airline or airlines of the other contracting party, upon the request of either, the terms of Article 13 of this Agreement shall apply.

ARTICLE 12

Consultation between the competent authorities of both contracting parties may be requested at any time by either contracting party for the purpose of discussing the internautics

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Schedule. Such consultation shall begin within a period of sixty (60) days from the date of the receipt of the request by the Department of State of the United States of America or the Ministry of External Affairs of the Government of India as the case may be. Should agreement be reached on amendment of the Agreement or its route schedule, such amendment will come into effect upon confirmation by an exchange of diplomatic notes.

pretation, application, or amendment of the Agreement or

ARTICLE 13

Except as otherwise provided in this Agreement, any dispute between the contracting parties relative to the interpretation or application of this Agreement which cannot be settled through consultation shall be submitted for an advisory report to a tribunal of three arbitrators, one to be named by each contracting party, and the third to be agreed upon by the two arbitrators so chosen, provided that such third arbitrator shall not be a national of either contracting party. Each of the contracting parties shall designate an arbitrator within two months of the date of delivery by either party to the other party of a diplomatic note requesting arbitration of a dispute; and the third arbitrator shall be agreed upon within one month after such period of two months.

If either of the contracting parties fails to designate its own arbitrator within two months, or if the third arbitrator is not agreed upon within the time limit indicated, either party may request the President of the International Court of Justice to make the necessary appointment or appointments by choosing the arbitrator or

The contracting parties will use their best efforts under the powers available to them to put into effect the opinion expressed in any such advisory report. A moiety of the expenses of the arbitral tribunal shall be borne by each party.

ARTICLE 14

This Agreement, all amendments thereto, and contracts connected therewith shall be registered with the International Civil Aviation Organization.

ARTICLE 15

If a general multilateral air transport convention accepted by both contracting parties enters into force, the present Agreement shall be amended so as to conform with the provisions of such convention.

ARTICLE 16

Either of the contracting parties may at any time notify the other of its intention to terminate the present Agreement. Such a notice shall be sent simultaneously to the International Civil Aviation Organization. In the event such communication is made, this Agreement shall terminate one year after the date of its receipt, unless by agreement between the contracting parties the notice of intention to terminate is withdrawn before the expiration of that time. If the other contracting party fails to acknowledge receipt, notice shall be deemed as having been received fourteen days after its receipt by the International Civil Aviation Organization.

ARTICLE 17

This Agreement will come into force on the day it is

The Agreement shall be in the Hindi and English languages. In the case of any divergence of interpretation, the English text shall prevail.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed the present Agreement.

Done in duplicate at New Delhi this 3rd day of February, 1956.

For the Government of India:

M. M. PHILIP

For the Government of the United States of America:

LIVINGSTON L. SATTERTHWAITE

SCHEDULE

1. An airline or airlines designated by the Government of India shall be entitled to operate air services on each of the air routes specified via intermediate points, in both directions, and to make scheduled landings in the United States at the points specified in this paragraph:

Route 1. From India via points in Asia, Africa, Europe, U.K., Ireland, Canada to New York; and beyond to points on Route 2 or to such points as may be mutually agreed upon at a later date.

Route 2. From India via points in Asia, the Philippines, Japan, Canada to San Francisco or Los Angeles and beyond, to points on Route 1 or to such points as may be mutually agreed upon at a later date.

2. An airline or airlines designated by the Government of the United States shall be entitled to operate air services on each of the air routes specified via intermediate points, in both directions, and to make scheduled landings in India at the points specified in this paragraph:

Route 1. From the United States via points in Canada, Ireland, U.K., Europe and Asia to Delhi/Calcutta and beyond to points in Burma and Thailand, and beyond to the United States over various routes.

Route 2. From the United States via points in Canada, Ireland, U.K., Europe, Africa, and Asia to Bombay/Calcutta and beyond to points in Ceylon, Burma, Thailand and beyond to the United States over various routes.

3. (A) Points on any of the specified routes may, at the option of the designated airline, be omitted on any or all flights.

(B) Not more than one traffic stop shall be made by a designated airline of either country on any flight transiting the territory of the other country.

(C) If at any time scheduled flights on any of specified air services of one contracting party are operated so as to terminate in territory of the other contracting party and not as part of a through air service extending beyond such territory, the latter party shall have the right to nominate the terminal point of such scheduled flights on

the specified air route in its territory. The latter party shall give not less than six months notice to the other party if it decides to nominate a new terminal point for such scheduled flights.

(D) Changes made by either contracting party in points on its routes described in the Schedule except changes in points in the territory of the other contracting party, shall not require amendment of the Schedule. The aeronautical authorities of either contracting party may therefore proceed unilaterally to make such changes, provided, however, that notice of any change is given without delay to the aeronautical authorities of the other contracting party.

EXCHANGE OF NOTES

U.S. Note

DEAR MISS NAIDU: I have the honor to refer to the Air Transport Agreement signed today between the Government of the United States of America and the Government of India and to say that the understanding of the Government of the United States of America with regard to the procedures agreed between the contracting parties in pursuance of Article 3 of the Agreement is as follows:

During the discussions between the Delegation of India and the Delegation of the United States which led to the conclusion of the Air Transport Agreement between the two countries, there was an extensive exploration of the air transport problems of the two countries. Important features of these problems were noted to be the great geographic distances separating the two countries and the fact that no air services are operated by an Indian carrier to the United States. The Delegation of India presented to the United States Delegation its continued apprehensions with respect to the inauguration of such air services between the United States and India as might result in an undue effect upon the development of the international and regional services of the Indian airlines. The United States Delegation noted the concern of the Delegation of India and expressed confidence that by reason of the unique characteristics of the service between India and the United States, practical arrangements as described below could be made to give additional assurance to the Government of India that its interests in the orderly development of air transportation would be safeguarded. As an indication of these unique characteristics, mention was made of the complexity of adding new schedules over the 9,000 mile distance between the two countries and other elements of traffic and operations over the routes involved.

2. It was noted by both Delegations that under the temporary authorizations previously issued by the Government of India the level of service was at present two round trips per week for each of the two United States airlines serving India—Trans World Airlines and Pan American World Airways—and that upon the coming into force of the Agreement, the services under the operating permission would continue at that level until increased in

accordance with the procedures set forth hereafter. The Indian Delegation stated that the Government of India would issue appropriate operating permits. It was agreed that if, while this Agreement is in force, any time the Government of India designate an airline or airlines such designated airline or airlines will be granted full operating permission pursuant to Article 3 of the Agreement.

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3. The United States Delegation pointed out that under Article 12, the air services under the Agreement could be considered by the two nations at any time, and in order to facilitate such consideration, the United States Government would notify the Government of India through diplomatic channels of any new schedule proposed by one of its carriers to serve India at least 90 days before the effective date of the new schedule. The United States Delegation stated that while the United States might notify the Government of India more than 90 days in advance, the 90-day period would be a minimum. The possibility, however, of sudden and unexpected traffic demands justifying an increase in frequency on less than 90 days notice was recognized; and the parties expressed the belief that in such an event they would be able through diplomatic channels to evolve a procedure which would deal adequately with the situation as it then exists.

4. Both Delegations noted the importance to the public and the carriers of having certainty as to the availability of services. To this end they agreed that any request for intergovernmental consideration of the proposed additional schedule should be made within 30 days of the date upon which the notification was received by the Government of India, and that any consultations should be started within 30 days of that request and completed as soon as possible thereafter. The Delegations agreed that at the consultations, in addition to all other matters to be brought forward by India and the United States, the parties would have relevant traffic statistics available. It was further agreed that such consultations would be held in India.

5. (A) Both Delegations recognized that if the consultations did not result in agreed conclusions, and if the notice of the increase is not withdrawn, the Government of India might withhold or modify or revoke the operating permission with respect to the increase in frequency which had been the subject of consultation.

(B) Furthermore, it was agreed that if an increase in frequency is established on the basis of estimates of anticipated traffic and subsequently in consultation asked for by the Government of India and held in accordance with Article 12 of the Agreement, it is determined that such estimates have not been substantially fulfilled within a reasonable time, then such increase would be withdrawn. It was recognized that an appropriate length of time would be allowed during which the airline, which made the increase in frequency, would seek to realize the anticipated traffic for which the increase in frequency was provided. It was likewise recognized that should consultations under this paragraph not result in agreed conclusions, the Government of India might modify or revoke the operating permission with respect to the increase in frequency which had been the subject of consultation.

(C) It was also agreed that action to withhold or modify or revoke an operating permission as provided for in paragraphs (A) and (B) above would not be subject to arbitration in accordance with Article 13 of the Agreement.

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6. The Delegation of India referred to its unique geographical position which results in making India an airline crossroads with a large number of the worlds' airlines carrying traffic to and through India, and pointed out the difficult competitive position in which the Indian airlines are presently placed, particularly in relation to the movement of their own third and fourth freedom traffic. Along the same line the Indian Delegation referred specifically to the operations of United States airlines, and pointed out the relatively low level of third and fourth freedom traffic and the relatively high level of fifth freedom traffic being carried by them. The Indian Delegation expressed its concern that the operations of foreign carriers result in impairing the economic development of Indian airlines. The United States Delegation recognized the unique position in which India is placed, as well as the concern expressed by the Indian Delegation as to the development of their air services.

7. The United States Delegation pointed out the high level of Indo-United States traffic and the substantial annual growth which is occurring, but indicated the difficulties with which their international airlines are faced in serving this traffic. In addition, the United States Delegation referred to the level of operations by the United States carriers on the long routes from the United States to India, and pointed out that by reason of this level of service, the United States airlines are losing the patronage of the public desiring service between India and the United States who are turning to the more frequent services offered by competing foreign carriers. It was the opinion of the United States Delegation that this traffic whether moving wholly by foreign carriers, or partially by foreign and partially by United States carriers, should receive consideration in assessing capacity. It was further observed that under all of these circumstances, particularly as they relate to routes of this length, the level of third and fourth freedom traffic is necessarily relatively low as the ends of the routes are approached, and correspondingly if an airline is to operate economically, the fifth freedom traffic must be relatively high. The Indian Delegation noted these difficulties.

8. The two Delegations discussed the application of Articles 6, 7, and 8 and reached the general conclusion that at present in the unique circumstances prevailing between India and the United States, in a consultation to consider a proposed increase in the capacity offered by the United States airlines, both Governments would bear in mind the reciprocal objectives of assuring the orderly and economic development of both the Indian and United States airlines and make special application as follows:

(1) Any increase in frequency for a United States airline will be required to be justified primarily for the provision of capacity needed on account of the increase in the amount of the traffic originating in the United States and destined for India and vice versa which is carried by that airline or which that airline can reasonably establish as its anticipated needs for the carriage of the traffic originating in the United States and destined for India and vice versa;

- (2) In addition it was agreed that due consideration, which would vary with the facts in appropriate cases but which would not be taken to justify an amount of traffic between India and third countries which is excessive, would be given to:
- (a) factors affecting the requirements of through airline operations including the effect which the growth of traffic to other points along the routes specified in the Agreement may have on the capacity offered in the United States-India market,
- (b) the size of the United States-India air traffic market, its rate of growth, and the needs of the public for direct, as well as connecting services, and
- (c) the total traffic between India and the United States carried by airlines foreign to both countries, and by other means, and
- (3) Appropriate provision will be made for the carriage of such transit traffic as is disclosed by the trends of such traffic actually carried or which could be reasonably carried on flights making traffic stops in India, but the increase in capacity provided for such traffic will not be utilized for an amount of traffic between India and third countries and vice versa which is unreasonable.
- 9. By reason of the extensive discussions between the two Governments concerning the capacity to be provided by United States airlines and the complexity of the capacity problems presented by operations over the routes concerned, both Delegations recognized the necessity of having available accurate and more complete statistical data on the movement of traffic.
- (1) Accordingly, the United States Delegation agreed that the United States Government would transmit to the Government of India statistical reports giving by alternate months the following data:
- (a) True origin and destination of all traffic embarked or disembarked in India by the United States airlines, classified as to passengers, cargo and mail, and the points of embarkation and disembarkation of this traffic by such airlines. If such traffic originates in or is destined for a third country, the traffic will be broken down so as to show that which is competitive with the Indian airlines and that which is not.
- (b) All transit traffic on United States airlines carried on flights making traffic stops in India.
- (2) The Indian Delegation agreed that the Government of India would, upon request, transmit to the United States Government similar statistical reports giving for alternative months the traffic carried by its airlines to, from and across United States territory.
- (3) In addition, both countries agreed to work closely together in developing more adequate information as to the nature and growth of traffic between their territories.
- 10. It was agreed by both Delegations that the nature of air transportation, its expected rapid development, and the somewhat differing philosophies held by India and the

United States with regard to achieving this development, make it essential that the arrangements discussed herein be subject to consultation at any time by the two countries in order to make certain that they provide a continuously satisfactory method of dealing with the subject matters described above.

11. If at any time agreement is not reached in consultation under the foregoing provisions of this note, either contracting party may notify the other of its intention to terminate said provisions; and, in that event the said provisions shall terminate at the expiration of ninety days after the date of receipt of such notice; provided, however, that in such event, while each of the parties retains its freedom of action to terminate the Agreement in accordance with Article 16 thereof, both parties shall refrain from making any changes in the arrangements prevailing on the date of termination of the provisions of this note, until either (1) such arrangements are modified by mutual agreement between the Parties or (2) the Agreement is terminated in accordance with Article 16 thereof.

12. Both Delegations noted their understanding that their Governments would be guided by the general conclusions set forth above.

I have the honor to request you kindly to confirm that this is also the understanding of the Government of India. Sincerely yours,

FREDERIC PEARSON BARTLETT Chargé D'Affaires A.I.

Miss Leilamani Naidu, I. F. S., Director, American Division, Ministry of External Affairs, Government of India, New Delhi.

Indian Note

DEAR MISTER BARTLETT: We have the honour to acknowledge the receipt of your letter dated 3 February 1956, stating that, with reference to the air transport agreement signed today between the Government of India and the Government of the United States of America, the understanding of the Government of the United States of America with regard to the procedures agreed between the contracting parties in pursuance of Article 9 of the agreement is as follows:

[Repeated here is text of Mr. Bartlett's letter of February 3.]

I have the honour to confirm that the above represents also the understanding of the Government of India.

Yours Sincerely

LEILAMANI NAIDU Director American Division

THE CHARGÉ D'AFFAIRES, A. I., Embassy of the United States of America, New Delhi.

Current Treaty Actions

(Continued from page 263)

into force December 7, 1953.3 Annex entered into force July 7, 1955.

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Senate advice and consent to ratification given: January 25, 1956.

Trade and Commerce

Protocol modifying the convention signed at Brussels July 5, 1890 (26 Stat. 1518) relating to the creation of an International Union for the Publication of Customs Tariffs. Done at Brussels December 16, 1949. Entered into force May 5, 1950.

Senate advice and consent to ratification given: January 25, 1956.

Protocol of terms of accession of Japan to the General Agreement on Tariffs and Trade, with annex A (schedules of the contracting parties) and annex B (schedule of Japan). Done at Geneva June 7, 1955. Entered into force September 10, 1955. TIAS 3438. Notification of intention to apply concessions received:

Sweden, January 16, 1956 (effective February 15,

1956).

BILATERAL

Dominican Republic

Agreement concerning period of validity of and fees for nonimmigrant visas. Effected by exchange of notes at Ciudad Trujillo December 14 and 16, 1955. Entered into force February 1, 1956.

Agreement amending the surplus agricultural commodities agreement of May 6, 1955 (TIAS 3248) by providing for the sale of butter to Finland. Effected by exchange of notes at Washington January 12, 1956. Entered into force January 12, 1956.

Korea

Agreement for cooperation concerning civil uses of atomic energy. Signed at Washington February 3, 1956. Entered into force February 3, 1956.

THE DEPARTMENT

Designations

William Belton as Deputy Director, Office of South American Affairs, effective January 30.

Bainbridge C. Davis as Officer in Charge of North Coast Affairs, Office of South American Affairs, effective January 30.

Ernest V. Siracusa as Officer in Charge of West Coast Affairs, Office of South American Affairs, effective January 30.

^a Not in force for the United States.

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Releases may be obtained from the News Division, Department of State, Washington 25, D.C.

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47	1/30	Dulles-Eden-Lloyd statements.
*48	1/30	Educational exchange.
*49	2/1	Educational exchange.
50	2/1	Invitation to France on Middle East discussions.
51	2/2	Visit of Spanish Foreign Minister.
52	2/2	Air transport agreement with India.
53	2/2	Wriston Committee completes task.
54	2/2	Tariff negotiations with Federation of Rhodesia and Nyasaland.
55	2/2	Cooper statement on air transport agreement with India.
†56	2/2	Bulganin letter to Eisenhower.
57	2/3	Note to Hungary on suppression of hu- man rights.
58	2/3	Hoover: 10th anniversary of RIAS.
59	2/3	Hoover: dedication of Herbert Hoover School.
60	2/3	Mayer itinerary (rewrite).
†61	2/3	Atomic agreement with Korea.
62	2/3	Dulles itinerary.
63	2/4	Dulles-Pineau letters.

*Not printed.

†Held for a later issue of the BULLETIN.



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